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The Nation's Business

Prime Minister Should End Relief Drift

MOST Canadians will not begrudge Mr. King the vacation he is now taking in the United States. The Prime Minister has obviously been under considerable strain in the critical weeks that have passed.

But as responsible head of the Government, Prime Minister King should return as promptly as possible to deal with the equally critical relief situation in this country.

When Mr. King was elected to office he put unemployment as the most important problem facing the nation. He appointed a commission to seek and provide a solution.

That commission has long since made its report. Yet most of its recommendations have either been ignored or damned with faint legislative praise.

The guiding principle on which the Government seems to operate is still one of drift.

Canada is approaching its eighth year with relief as the number-one national problem. That few, if any, positive steps toward a proper solution of the problem have yet been taken is a responsibility that lies directly on Mr. King's doorstep.

Now that the international crisis is resolved there is no longer any possible excuse for dallying and drifting.

* * *

National Holidays Should Fall on Monday

WITH unusual fervor and enjoyment, millions of Canadians celebrated the Thanksgiving holiday last week end. Seldom has there been an occasion when the nation as a whole and its citizens as individuals have had so much for which to be thankful. After the strain of recent crisis the spirit of thanksgiving came spontaneously to city dweller and farmer alike.

One important factor in the celebration was the long week end and the Monday holiday. Because of it, families were united and holiday trips made possible. Wage earners gained a long week end for rest and relaxation.

Aided by perfect weather in most parts of Canada the holiday was a potent and convincing argument toward having other statutory holidays celebrated on Monday.

* * *

SINCE The Financial Post urged this step be taken some six months ago, a steady and increasing stream of editorial comment favorable to such a change has swept across the Dominion. Upward of 100 newspapers from coast to coast have given support to the suggestion that statutory holidays such as Victoria Day, Dominion Day and Remembrance Day be celebrated on Monday rather than allowed to fall willy-nilly throughout the week.

What alone remains, as the Winnipeg Free Press recently pointed out, is that Canadians should make plain their wishes in order that they be fulfilled.

"This is the time to have it brought about. People should make clear their wishes to their members of Parliament, who, made aware of the popular feeling, can press the government to have the necessary legislation prepared."

* * *

OTTAWA should prepare legislation at once to bring about this simple and nationally popular change. What happened in Parliament last year when this matter was discussed indicates the futility of leaving things till the last minute.

At that time, Prime Minister King himself suggested the matter should not again be left until the eleventh hour.

In the interim, Canadian newspaper comment has shown very definitely its approval of a change which, to quote the Montreal Gazette, would "enable Canadian citizens and their children to reap far greater benefit physically and spiritually than is possible under the existing statutory arrangement."

* * *

Ontario Bars Self-Liquidating Loans

DIFFICULTIES anticipated by The Financial Post four months ago are already being encountered by the Dominion Government's plan to assist municipalities with financially self-liquidating works projects.

Commenting on the plan when it was announced in June, The Post predicted that many of the projects it was hoped to promote would "undoubtedly founder in the refusal of provincial governments to give the required approval and loan guarantees." In confirmation of that prophecy, Attorney-General Conant of Ontario has revealed that no municipality in that province will get guarantees for such loans.

Mr. Conant says Ontario has no intention of being responsible for loans from Ottawa to municipalities, or of possibly becoming "collector for the Federal Government" in case of defaults. The Ontario administration has been largely influenced, he intimated, by unhappy experience with such schemes in the past.

He recalls that it cost the province $6 millions to "clear up the mess" resulting from the Municipal Loan Fund of pre-war days, and that after 20 years, municipalities still owe $1.2 million of the $2.9 millions loaned under the Ontario housing scheme of 1919. Under the

(Continued on page 2, col. 5)

Hahn Given Status As Representative For Government

Obtained British Bren Gun Data in Official Capacity

PROBE CONTINUES

From Our Own Correspondent

OTTAWA.—Major James E. Hahn, president of the John Inglis Co. of Toronto, obtained information from the British War Office on the Bren machine gun as a "representative of the Canadian Government," according to evidence at the Royal Commission Enquiry during the past week. It was in the same capacity that he initiated negotiations with the British War Office for purchase in Canada of 5,000 machine guns.

Co-operation of the Department of National Defence, evidence indicated, was asked and freely given, not only in obtaining the information but in attempting to secure the British contract for guns. It was extended in the first instance to a personal letter of introduction given to Major Hahn by the Minister of National Defence, Hon. Ian Mackenzie.

According to Deputy Minister L. R. Lafleche the department was anxious to have the guns manufactured in Canada. It brought considerable pressure to bear in efforts to learn the stand of the British War Office on placing a contract with the Inglis firm.

Gen. Lafleche told L. A. Forsyth, associate Government counsel, that for four months his department had sought word from Britain because his own decision hinged on whether the Inglis company could obtain the British contract and hence make production in Canada possible.

Premier Halts Pressure

The department had been in frequent communication with Dr. O. D. Skelton, Under-Secretary of State for External Affairs, asking that Canada House be cabled to ascertain the stand of the British Government. On April 23, Dr. Skelton wrote to Gen. Lafleche:

"With reference to the suggestion that the High Commissioner should be asked to indicate to the Government of the United Kingdom that the Canadian Government would be pleased to have the Government of the United Kingdom place orders for the Bren gun with the company organized by Major Hahn and his associates, I was informed by the Prime Minister after council yesterday that the question had been considered and it was not thought advisable at present to request the Government of the United Kingdom

(Continued on page 2, col. 2)

Can. Canners Pack Smaller

Keener Competition is Expected — Prices Lower Than Last Year

The pack of Canadian Canners in the current year will be smaller than that of the previous year, when production was highest in the company's history. It is estimated that the total Canadian pack will also be lower than that of the previous year, and prevailing prices are somewhat softer. Keener competition is looked for in the remainder of the year.

Although the pack in the current year is lower, it is pointed out that the net pack is 25% higher than the best year of the twenties.

Approximately two thirds of the organization's sales volume is obtained in the last half of the year and results of the year's operations may not be accurately forecast on sales to date.

Sales have been running at a higher level than those of the previous year, but the benefit that might have been obtained from lower costs of raw material and ingredients has been largely offset by the increase in the price of tinplate.

It is unofficially reported that export volume to England has increased during the year.

Treaty Delayed By Technicalities

From Our Own Correspondent

WASHINGTON.—The new trade agreement between United States and Canada will not be announced until after the Congressional elections early in November, The Financial Post is informed from a most reliable source.

Postponement, it is believed, has been due to certain unavoidable technical delays rather than to political reasons. In any case, recent sharp business improvement in this country has eliminated much hostility toward lowering trade bars.

Tax Merchants To Pay Bonus

Retailers Joining Alberta Treasury Branches Are Assessed on Profits

From Our Own Correspondent

EDMONTON.—Alberta merchants, paying at the rate of 24% per annum, will help the Social Credit Government to pay a 3% bonus to depositers in the new treasury branches.

At a meeting of merchants with Provincial Treasurer Solon Low it was revealed that merchants joining the treasury branches are to be assessed 2% per month on profits made that are not expended directly on goods produced in Alberta.

Should the merchant overdraw his account in the treasury branch he is to be charged 2% per month unless he proves that the overdraft is to be used for restocking his shelves.

Merchants are to keep complete records of Alberta goods as apart from other goods handled. Forms they are to fill in are reported to be more involved than income tax blanks.

In addition to the 2% charge, the merchant agrees to pay the regular charges for service collected by chartered banks.

Merchants who sign the contract with the treasury branches are expected to deposit monthly substantial cash sums over and above the credit vouchers taken in payment from consumer members of the branches.

Some Incentive

There is some incentive to joining up. There is the suggestion that the merchant who "fully complies" will be the one to whom consumers will be directed.

From the information collected through the forms the merchants must fill out, it is hoped to show how Alberta goods could be substituted for outside purchases. It is suggested also that the information will be used to justify the establishment of certain types of new industries in Alberta.

So far there has been no rush to sign up. On Oct. 3 it was reported that less than $6,000 had been deposited in Alberta's banks to end banks.

Time Extended For Bond Sale

From Our Own Correspondent

MONTREAL.—To allow for sale of the balance of the city's $4 millions issue of 4% bonds, maturing 1946, the Montreal city council has granted extension of time to the selling group until Dec. 1. The previous delay expired on Oct. 1. W. C. Pitfield & Co. and Savard, Hodgson & Co. head the selling group.

Federal Govt. Has Surplus For Half Year

Showing Is Only Slightly Less Favorable Than a Year Ago

REVENUE UP

Budget results of the Dominion Government in the first six months of the current fiscal year are only slightly less favorable than in the same period of last year.

Revenue and expenditure figures for the six months ended Sept. 30 show a surplus of $51.8 millions. This compares with a surplus of $53.9 millions in the six months ended Sept. 30, 1937.

Results to date are relatively good, but they do not give an accurate indication of the probable results for the year. In the first place, revenue returns for the balance of the year will probably be less favorable than to date as the major portion of income taxes have been collected. Then, again, the loss resulting from the 80-cent a bushel minimum price for wheat will not enter into the accounts until the final month of the year.

Income Tax Receipts Up

Two factors are responsible for the good showing to date, namely higher income tax receipts and lower relief costs. While revenue from other sources has declined, income tax receipts for the six months are $21.9 millions ahead of the same period of 1937. Revenue from all sources is up $6.5 millions.

Relief expenditures are down about $7.1 millions, largely as a result of a lower grants to the provinces and a smaller outlay on relief works. Drought area relief is approximately the same, but this should show a large reduction in the latter part of the year.

An adverse factor is the increased cost of Government-owned enterprises. In the first six months $41.9 millions was provided for Canadian National Railways deficit, compared with $29.4 millions in the same period of 1937. Trans-Canada Air Lines deficit for the period is shown at $340,583.

Ordinary expenditures show an increase of $2.2 millions although interest charges are $3.7 millions lower. Subventions on coal movements are more than $400,000 lower at $644,471 and payments under the Maritime Freight Rates Act are $200,000 lower at $1.3 million. Increased expenditures are reported by a number of departments. The Department of National Defence heads the list with an increase of $4 millions.

Details of revenue and expenditure for September and for the first six months are given below:

Revenue and Expenditure
Month of September

Receipts:	1938 $ 000's	1937 $ 000's	Change $ 000's
Customs duty ...	6,897	8,235	—1,338
Excise duty	4,521	4,690	—169
Excise, sales tax .	13,291	14,948	—1,657
Income tax	5,876	4,830	+1,046
Post office	3,152	3,270	—118
Sundry	1,026	1,066	—40
Special	211	2	+209
Total revenue ...	34,974	37,041	—2,067
Expenditures:			
Ordinary	25,370	23,897	+1,473
Capital	689	528	+161
Special	2,886	4,119	—1,233
Govt. enterprises	101	2,014	—1,913
Write-offs	38	13	+23
Total expenses ..	29,064	30,571	—1,507

Six Months Ended Sept. 30

Receipts:	1938 $ 000's	1937 $ 000's	Change $ 000's
Customs duty ...	40,648	47,620	—6,972
Excise duty	27,015	27,374	—359
Excise, sales tax .	77,667	84,487	—6,820
Income tax	117,332	95,415	+21,917
Post office	15,656	15,874	—118
Sundry	8,659	9,446	—787
Special	491	708	—217
Total revenue ...	287,468	280,924	+6,544
Expenditures:			
Ordinary	176,691	174,481	+2,210
Capital	2,065	2,001	+64
Special	13,509	20,619	—7,110
Govt. enterprises	43,082	29,796	+13,286
Write-offs	322	135	+187
Total expenses ..	235.669	227,032	+8,637

Box Makers Cut Prices 6-15%

Move by Leading Companies Meets Competition from Imported Board

General reductions ranging from 6% to over 15% on some lines of paper products have been announced by leading Canadian manufacturers. The lines affected are shipping cases, kraft liner board and straw board.

First announced by Hinde & Dauch Paper Co., it is understood that other manufacturers of these products have followed suit. How long the current scale of prices will last cannot be foretold at present. No prices for future delivery are being quoted by makers but apparently there is not much hope that prices can be raised for some time to come.

Effect of the cut in prices on earnings will depend on how long it lasts and whether or not quotations by paper makers rise, thus effecting raw material costs.

Apparently the reason for the price reduction goes back to the drop in prices for many lines of paper products used in box and container making in the United States. This permitted some concerns in Canada to import their raw material, despite a substantial tariff, and make boxes which they were able to sell at prices below levels prevailing in Canada. It is understood that the latest general reduction meets the lowest prices quoted under former conditions and makes unlikely any further cuts.

An investigation was conducted by the Combines Investigation Branch at Ottawa into prices in the paper box and container industry last summer but no action has been taken nor any report made public.

Highlights of the Week

There is no royal road to the general managership of a Canadian chartered bank. Doing the thing that has to be done to the best of one's ability is one of the chief elements in reaching the top in the opinion of F. Hedley Marsh, newly appointed general manager of the Bank of Toronto. His career is reviewed in

—Sees Banking as Career, Page 17.

* * *

5,000 homes will be surveyed in 12 cities to provide the first thorough estimate on the Canadian cost of living in 30 years. There are five definite objectives behind the survey.

Canada's Family Budget, Page 16.

* * *

The victory for peace in Europe was won, not by democracy or the dictators, but by the peace loving peoples of the world, in the opinion of thinking Britishers interviewed by Floyd S. Chalmers, editor of The Financial Post. A penetrating review of post-peace situation in Europe is embodied in—

The Morning After of Peace—p. 20.

The future of Alberta oils never looked better, but there are some if's and but's for the immediate outlook says R. A. McEachern, just back from Turner Valley. See—

Profits from Alberta Oil—p. 19.

* * *

Travel by air for both business and pleasure is becoming customary among an increasing number of Canadians, pointing to an impressive volume of air transport business when interurban service is fully developed in this country.

—Canadians on the Wing, Page 8.

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Nazi Merry-go-Round

Germany's Economic and Financial Machine Continues to Function Smoothly and With Precision, But Shows Signs of Strain and Appears Vulnerable to Emergency Developments

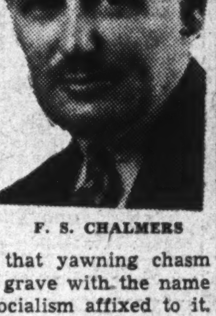
By FLOYD S. CHALMERS,
Editor, The Financial Post

Last week's article on Germany told how Nazi regimentation has mobilized workers and industries to provide "full employment" for all the population, the end being a Germany powerful among the nations and to a high degree self-sufficient in foodstuffs and raw materials.

This article tells how the financial wheels go around in Germany. It discusses, too, the signs of strain that are slowly beginning to show themselves.

Mr. Chalmers writes that he drafted these articles in the midst of the recent near-tragic crisis, realizing that his manuscript would be so much wastepaper if Mr. Chamberlain failed to turn Herr Hitler's pointed pistol.

BERLIN—When Hitler used gangster methods to obtain the Sudeten victory that democratic statesmen were frantically trying to hand to him, without war, he ran an economic as well as a military risk. He led France and England to the very edge of the abyss and bade them look over. They liked not what they saw.



F. S. CHALMERS

But beside that yawning chasm of war was a grave with the name of National Socialism affixed to it. Blind to economic facts, ecstatic after seven months of crisis, Hitler ignored the internal facts when he threatened war.

But there were men in Berlin who could have told him that economically Germany couldn't take it. One was Dr. Schacht.

The true power of Dr. Hjalmar Schacht, president of the Reichsbank in Germany, is difficult to learn. One man, near the top, said to me:

"Schacht is not the big figure he was. Hitler never liked him. When he appointed Dr. Walter Funk as Minister of Economics, and put Goering in charge of the self-sufficiency programme, he sent Schacht back to the bank to bite his finger nails."

Financial Wizard

But another man, who had at least equal opportunities to size up the situation, said to me:

"Don't believe that story. It has always been Schacht who has performed the financial miracles that have made it possible for the Reich to pursue its programme of economic mobilization. And it is Schacht today who still performs the feats of magic. Schacht designs the decrees and Goering signs them. And Schacht finds the money."

Between these two views I cannot declare where the real truth lies. But it is beyond question that the brilliant central banker who commands the Reichsbank, is the man who has had to find the money to pay for the rebuilding of German economy, as well as to put the Reich on a 100% war footing.

Since the financial year 1935 Germany has presented no budget to the people and has provided no record of its public finances. The Nazi dictators give orders, they spend money, they impose taxes, and they commandeer the people's savings but they do not bother to account for their stewardship except with propaganda, parades and racial pep-talks.

So the man who wants to study the financial operations of the Reich has to collect rumors and estimates by the basketful and sift them for what looks like facts.

There is hardly a figure in this article that I can guarantee to be correct. But I can say with confidence that there are few figures in the article that are very far from the truth.

How has Germany paid the bills? The bills for its thousands of miles of marvellous new highways. The bills for its impressive new government buildings and schools and public arenas and sports stadiums. The bills for airplanes and guns and pill-boxes and conscript armies. The bills for such expensive displays as the Nuremberg Party Congress.

Before getting down to more serious things I can tell, in part, how the bills for the $5 millions Nuremberg Brownshirt caucus were paid for, although neither I nor any ordinary German citizen has seen the financial statement.

First-class Racket

These Party congresses are a racket of first magnitude. When my wife and I got to Nuremberg we were given smart-looking badges to indicate that we were officially at the show. We were slightly touched until we saw that everyone within 50 miles of Nuremberg was wearing one. We learned that they had been on sale on the streets for weeks at about two marks apiece. As they cost a few pfennigs to manufacture, someone was making a big profit.

We were told that the money went to the city of Nuremberg to pay for the decorations, which were, to say the least, impressive, and which included the floodlighting of the ancient walls of the city and the erection of thousands of masts with enormous Swastika pennons.

On the street, post-card vendors were legion. Every day the loyal

(Continued on page 9, col. 1)

Market Upset Affects Dosco

Limit Deliveries Until U. K. Market Is Re-established

From Our Own Correspondent

MONTREAL.—Operations of the Sydney steel plant of Dominion Steel and Coal Corp. are currently running around 50 to 60% of capacity, after having been at capacity since the early part of 1937. The comparatively sharp drop in output and, in turn, operations, does not reflect any change in the basic position of the company. However, it does reflect the deferment of deliveries to the English importers who have got themselves into a difficult box as a result of overbuying.

Last year the British iron and steel trade got the "wind-up" over a possible shortage of materials. Orders were placed wherever iron and steel in a semi-finished form was to be had. A serious shortage was envisaged and the British Iron and Steel Federation went to the Government and had removed the 33 1/3% duty on continental imports in order to "save" the situation.

As is well known the British iron and steel industry is allied with the international steel cartel. By agreement, shipments of steel from the Continent to England were limited to 500,000 tons a year. Further, as has been its custom, the Federation set a fixed price for steel products in England.

When it was seen that the anticipated shortage was not going to materialize the Government was asked to restore the duty. This was agreed and the Government announced that the duty would go back into force on March 31, 1938. Meanwhile the British Federation had set prices for all of 1938.

Knowing that the price was set for this year and the duty would be restored on March 31, continental operators shipped into England 1,000,000 tons of finished and semi-finished steel between the beginning of the year and the end of March.

Consequent upon the policy of the British Federation the British steel market has been seriously upset. Further buyers are keenly aware of the mess into which the industry has worked itself and is buying only on

(Continued on page 4, col. 3)

Steel Co. Mill Not Yet Definite

From Our Own Correspondent

MONTREAL.—Steel Co. of Canada has not made any definite decision as to whether it will go ahead with the proposed continuous strip mill which would cost around $10 millions.

One phase which will have to be considered is the financing of such a large project. Steel Co. of Canada enjoys a strong financial position, working capital amounting to $14.7 millions.

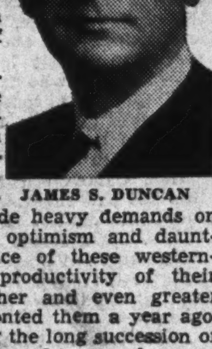
The Western Problem

More Certain Market Is Seen Essential to Real Improvement

Just back from a comprehensive tour of western Canada, James S. Duncan, vice-president and general manager of Massey-Harris Co., has written for The Financial Post an analysis of the western situation. He finds difficulties still beclouding the prairie picture and states that a more certain market is still the wheat farmer's main requirement.

By JAMES S. DUNCAN

An entirely different scene and prospect confront the visitor to western Canada this September compared with that of a year ago. Then the landscape was brown and dusty, burnt up and parched for lack of moisture. This year, roadside grass is green, flowers are blooming, water lies in the sloughs and ditches, lakes which had been dried up are gradually coming back to their former levels, and everywhere men are working in the fields gathering a comparatively rich harvest of grain.



JAMES S. DUNCAN

The contrast in the people themselves is even greater—years of repeated failures had made heavy demands on the inherent optimism and dauntless confidence of these westerners in the productivity of their lands. Another and even greater failure confronted them a year ago, and following the long succession of poor years, seemed to spread a great deal of discouragement.

Faith in Soil Vindicated

But this year their unbounded faith in the fertility of their soil has been vindicated. Those prophets of gloom who predicted that many western lands would never again produce abundant crops have been proved wrong. Sufficient moisture, absent in previous years, gave ample evidence of the productivity of the major portion of southern Saskatchewan and other drought areas of the West, and produced the largest crop western Canada has had in six years.

True, the harvest had not been as bountiful as the development of the crops at first indicated, due to the havoc wrought by divers diseases and pests, such as black rust, stem rust, cutworms, and grasshoppers—to say nothing of hail and early frosts—which took a tremendous toll in the last few weeks before it was ready to be cut. The damage, however, was largely localized and did not carry with it the all-engulfing tragedy of drought.

The discerning observer realizes, nevertheless, that the condition of the West is not really as good as the crop figures would at first indicate, on account of the substantial decline in the prices of practically all farm products, and particularly that of wheat. Had the Government not stepped in and pegged the price of wheat at 80 cents per bushel at Fort William, the situation this year at least would have been greatly aggravated.

Although at first considerable disappointment was felt by western farmers because wheat had not been pegged higher, the subsequent decline in the market prices has led to a fairly general realization that the Government price was fair, and that the sacrifice which the Government, and therefore the taxpayers of the country are making, is one of great magnitude.

While one always thinks of the West in terms of wheat, the fact should not be lost sight of that a large volume of coarse grains is also produced, the price of which is, of course, uncontrolled by the Government. The coarse grain crop, which in the three Prairie Provinces is

(Continued on page 10, col. 5)

Canadian Celanese Profits To Cover Preferred Dividend

From Our Own Correspondent

MONTREAL.—Sales and earnings of Canadian Celanese Ltd. have turned about since July and the expectation now is that the company will be able to show a small surplus after preferred dividends. For a time conditions throughout the textile trade were badly off and there was a doubt as to the ability of the company to show the dividend earned, though there was no question of it being deferred.

During the first half of the year the company experienced declining prices; a tendency on the part of retailers to hold off buying beyond ordinary requirements; while the public curtailed buying.

Surveys of the trade indicated no accumulation of stocks with dealers. Advance buying was held up until the public showed a tendency to spend more freely. There also was an expectation on the part of the trade of a continued decline in prices.

Since July this situation has changed. There has been a renewal of buying by the public, stimulated largely by new fabrics which differ materially from those previously on display. Prices have stiffened up and dealers have shown a tendency to place better orders.

Currently plant operations at Drummondville are the best since the beginning of the year. Operations are on a full schedule basis, having in mind that under the new labor laws the workers are limited to a 50-hour week as against the former rate of 55 hours weekly.

Compromise Seen Likely For Abitibi

No One Group Strong Enough to Carry Plan in Face of Opposition

NO APPEAL

Despite lack of official statement from the Abitibi Bondholders' Representative Committee, as to whether it will appeal again in an effort to complete its reorganization plan for Abitibi Power & Paper Co., this now looks exceedingly doubtful.

So far as can be ascertained the committee headed by J. P. Ripley, New York, feels that when two courts have ruled against its proposal for reorganizing Abitibi, the chances of carrying the legal fight farther are not favorable.

Another factor is that the plan which bondholders adopted a year ago is probably out of date by this time. Conditions in the newsprint industry have changed since then. For most of the period, conditions have been very depressed and the immediate outlook is none too bright, although improving.

Altogether, it is considered that, in view of the legal obstacles facing the committee and the strong opposition that has developed, its decision will be against appealing from the Ontario Appeal Court's judgment. This court refused to reverse Mr. Justice McTague's original dismissal of the motion of the Montreal Trust Co., for sanction of the Ripley plan.

Liquidator's Plan

Apparently at least two courses of action can be taken now, assuming that no further appeal is entered. The liquidator, R. S. McPherson, has a plan before the court which has never been officially presented to bond and stockholders for their approval. It is possible that the interests behind this plan would be willing to proceed with their proposals.

But this plan also would likely need revisions and it is exceedingly doubtful if it could be carried through successfully in the face of opposition from the Ripley committee. This plan was started under the Companies' Creditors Arrangement Act and would require the approval of all classes of security holders. It is believed, however, that the liquidator is unwilling to let the matter stay dormant if there is any chance of carrying through some plan of reorganization.

Sale Proposal

Another suggestion that has been made is that the property should be put up for sale. This could be done by the bondholders' representatives, the Montreal Trust Co., or by the liquidator in his capacity as an officer of the court. There are serious obstacles to this, however. In the first place the Ontario government would have to approve of any deal made along this line, and it is not likely to stand aside and see any group with important interests in Abitibi get anything except a fair deal.

Also, any move to carry out a judicial sale would be more likely to develop into the beginning, not the end, of the already long, legal battle.

Compromise Most Probable

Rumors have been current of an entirely new plan for Abitibi, but so far as can be ascertained nothing definite has been done to work out a new scheme, though there has been some talk along this line. In any case no group is likely to do anything until officially notified that the Ripley Committee is not going to prosecute its appeal further.

The most likely course is that further efforts will be made to arrive at some compromise between the different groups. It is clear that no one group would have much chance of carrying through its proposals in the face of opposition from any one of two or three others.

Steel Wares Sales Expand

Stock Values Advance in Expectation of Dividend on Preferred

From Our Own Correspondent

MONTREAL.—A sharp advance in the market value of General Steel Wares capital stock has been predicated not only on the report of sales and maintenance but also on the belief that the company will shortly place the preferred stock on a regular dividend basis. A meeting of directors will be held on Nov. 21 to give consideration to the preferred dividend, which became cumulative on May 1 last.

No information is available as to what action the directors are likely to take. In some quarters it is believed that the company will pay dividends for the half year by making two quarterly payments.

Sales Move Ahead

Sales of the company for September showed a further increase over the corresponding month of last year. Aggregate sales for the first nine months of 1938 are less than 7% under that for the same period a year ago.

Since the sales tax on many of the company's products used in the building industry has not been in effect since last June, the decline in sales at the end of September is not as great as the 6.8% figure for all sales would indicate.

OVERCOATS
of
Dignity and Character
in the
Men's Shop

For the colder weather we offer a most extensive range of overcoats, in a distinguished selection of styles and fabrics. Also for the Men's Shop of imported all wool materials in raglan and semi-fitted models. Sizes 36 to 44.

EACH
25.00 and 35.00

These coats may be purchased on EATON'S Budget Plan Terms if desired.

Free Parking
While Shopping

Bay Street Section

EATON COLLEGE STREET

BEFORE YOU INSURE — CONSULT
CONFEDERATION LIFE
ASSOCIATION
HEAD OFFICE TORONTO

AN INVITATION

to Young Executives

This year hundreds of young Canadians will assume the larger responsibilities that go with executive promotion. Not a few will head their own firms for the first time, form partnerships, plan the expansion of existing businesses.

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OF CANADA

"OVER 600 BRANCHES IN ALL PARTS OF CANADA"

Bren Gun Enquiry

(Continued from page 1)

to place in Canada munition orders of this type."

Gen. Lafleche said he had not seen this letter before leaving, himself, for England on April 24.

Had Matter in Hand

Commissioner Davis: "Would your department not forward an important letter from External Affairs showing the attitude of the Canadian Government?"

Gen. Lafleche: "They would not necessarily forward the letter as they knew I had the matter in hand and that competent officials of the Government were in England with me."

Gen. Lafleche had gone to England in connection with the Imperial Conference but had discussed the Bren gun with Sir Harold Brown. He had also obtained particulars about Major Hahn and the Inglis Company, including a banker's reference.

To Commissioner Davis's query as to why he had obtained this information then and not before, Gen. Lafleche replied that his minister had wanted it. The British War Office at that time was discussing a proposal from Major Hahn for the manufacture of the Bren gun.

Gaps Filled In

Introduction, for the first time, of correspondence between the Canadian High Commissioner's office in London and the Department of Defence regarding the Bren gun, filled in a number of gaps in the chronological picture of early negotiations which has been unfolding before Commissoner H. H. Davis. Some of the highlights were:

Feb., 1936—Canadian Government informed that British War Office had made an agreement with patentee for manufacture of Bren gun.

April, 1936—British War Office, contemplating erection of new factory in addition to Enfield plant, asks whether Canada is likely to place order.

October, 1936—Major Hahn and Hugh Plaxton, M.P., visit Deputy Minister Lafleche's office and examine sample of Bren gun. Major Hahn and Mr. Plaxton leave later for England, and arrangements are made by Gen. Lafleche for opening the British War Office doors to Major Hahn.

Government Representative

Nov. 11, 1936—As the result of instructions from the Canadian Department of Defence, Canada House tells British War Office: "The Department of External Affairs informs us that in this particular matter (Bren machine gun information) Major Hahn is to be considered as the representative of the Canadian Government."

Nov. 17, 1936—Letter from British War Office informing Canada House that arrangements had been made for Major Hahn "as a representative of the Canadian Government" to visit the Royal small arms factory at Enfield.

Dec. 7, 1936—Major Hahn on return from England reports to Defence Minister Ian Mackenzie on possibility of manufacturing Bren gun in Canada.

Dec. 28, 1936—Letter from Gen. Lafleche to Dr. Skelton, stating that matters had progressed to the point "where it is necessary to obtain officially from the War Office their reactions to the proposal that they should obtain part of their requirements in this country."

Jan. 7, 1937—Major Hahn visits Ottawa and discusses production problems with Gen. Lafleche.

First Proposal

Jan. 11, 1937—Major Hahn submits first proposal (proposal A) to the Government for manufacture of guns on a cost plus basis.

March 23, 1937—Major Hahn returns to England in connection with other business but planning to see Sir Thomas Inskip and Sir Harold Brown.

It was in connection with this visit that Gen. Lafleche dictated a letter to Major Hahn which was signed by Defence Minister Mackenzie and which read in part:

"I think you should know that it would be extremely difficult to purchase Canadian-made Bren machine guns if only the number required by my department were to be taken into consideration. I understand that in such case the overhead would be out of proportion, whereas should it be possible to manufacture a greater number than will be required in Canada the unit price would permit manufacture in this country whether by private interests or in a Dominion arsenal."

Canadian Unit Plan

Major Hahn's December report to the Defence Minister gave a detailed analysis of British manufacturing costs and proposed a self-contained Canadian unit capable of producing "50 Bren guns or 250 Enfield rifles per week single shift or with three shifts, 6,000 Brens or 30,000 rifles a year." Estimates of Canadian costs were made on presumption of obtaining old Ross rifle equipment and the ultimate cost after reaching 50 guns per week set at $397.47 per gun.

Major Hahn in this report stated that Sir Harold Brown had given favorable consideration to the proposal for "an added source of supply in Canada" and to the possibility of British orders to facilitate Canadian production.

Commissioner Davis asked Gen. Lafleche whether at that time he knew that Major Hahn had been referred to the British Government as a representative of the Canadian Government.

Gen. Lafleche: "I did not, Sir."

War Office Reports

Correspondence between the British War Office and the Canadian Defence Department showed that as early as Feb. 26, 1936, the department had official information in connection with the Bren gun. A report of this date stated that Britain was acquiring the rights to the patent and that opportunity would be given the Dominions to take advantage of the agreement if the gun were adopted.

A memorandum of Gen. Lafleche at that time showed that the Canadian Government was contemplating the alternative of a factory in Canada though it would take three years to get into operation and the cost would be higher.

British Plans

On Nov. 3, while Major Hahn was in England, the Canadian department received the following radiogram from the Canadian High Commissioner in reply to enquiries made by Gen. Lafleche in September:

"War Office state the arrangements now in progress for manufacturing Bren guns in this country on large scale, and while definite rates of delivery cannot yet be quoted, small number for training purposes might be supplied in 1938 with bulk of supplies in subsequent year. Estimate cost per gun, including tripods and spares, will be in neighborhood of £100, but this figure is not regarded as firm price. Army Council would be glad to learn full requirements Canada for these guns from this country as soon as possible as it may be necessary to arrange for further sources of supply if demands are large."

From this cable, Gen. Lafleche told Government counsel, he had concluded that the only thing the department could expect would be delivery of a small number of weapons which might be supplied by 1938 with no assurance of bulk deliveries in subsequent years. What had struck him most forcibly was "the clear statement in the last part of the message which indicated that they would have to have a second source of supply.

"I wanted that in Canada if it could be done," he explained.

Kept Hahn Contact

Gen. Lafleche's memorandum to Maj. Gen. A. C. Caldwell, Master General of Ordnance, incorporating this radio message, advised: "Notwithstanding the above the department should not lose interest in Major Hahn, who is now in England for the purpose of obtaining information which might possibly lead him to propose producing the Bren gun in Canada."

Gen. Caldwell had concurred in this but had suggested getting further information from the War Office. As a result a cable to the Canadian High Commissioner asked information on production of 4,000 and alternatively 7,000 guns, and added:

"Please request Major Hahn, now in England, to communicate in cipher his impressions of possibilities of producing Bren gun in Canada. This is urgent and ask him to give details such as time required for delivery and estimated cost."

Major Hahn's reply stated that the guns could be produced in Canada with 15 months allowed for delivery. Using cost data in the cable, the Canadian department made this cost comparison:

Bren Gun Cost Comparison (1936)

	Hahn estimate	*N.D.H.Q. estimate	War Office est.
Machinery	$500,000	$700,000	.....
Tools, fixtures, gauges, etc....	$275,000	......	.....
Capacity yearly, guns	2,000	......	.....
Cost per gun ...	$375	$750 max. $375 min.	$500

*Estimate made independently by department officials in Canada.

Early Delay

Apparently Major Hahn's first days in England were not all clear sailing. On Nov. 9, Gen. Lafleche received a cable from Hugh Plaxton, who was also in England:

"Delayed pending receipt by High Commissioner of proper authority from External Affairs authorizing him to afford immediate and complete co-operation to Hahn. High Commissioner cabling his department today. Will you kindly communicate with External Affairs to expedite this? Regards."

Gen. Lafleche testified that he had communicated with Dr. O. D. Skelton of the External Affairs Department and had finally got word that Major Hahn was getting what he wished.

Mr. Forsyth: "Could you tell us where you got that information?"

Gen. Lafleche. "Well, I think I had it from External Affairs. As I recall it, it was that the War Office officials were willing to give information to Major Hahn for the Dominion Government."

After his return Major Hahn asked Gen. Lafleche for the department co-operation in approaching the British War Office for a possible contract for the manufacture of 5,000 guns by his company. He said that the British officials were already definitely interested.

Co-operation With Hahn

Several indications of the co-operation afforded Major Hahn on his trip to England by the Minister of National Defence, Hon. Ian Mackenzie, were given in Gen. Lafleche's evidence. It also developed that memoranda before, during and after the visit bore notations that they had been shown to the minister.

One of the earliest of these, dated Oct. 20, 1936, had been written by Deputy Minister Lafleche to Dr. Skelton asking that Major Hahn be given every facility through the High Commissioner in London to get information in connection with the Bren gun and other armament manufacture. The memorandum continued:

"He has been given a personal letter of introduction from Hon. Ian Mackenzie, Minister of National Defence to Hon. Vincent Massey, High Commissioner." Gen. Lafleche had noted on the margin of this memorandum: "Seen by the Hon. the minister, Oct. 22, 1936."

Thank British Officials

On Dec. 8 a memorandum from Gen. Lafleche to the Under Secretary of State asked that a message of thanks be conveyed to the High Commissioner for Canada, the War Office and other officials of the British Government, "particularly Sir Thomas Inskip and Sir Harold Brown, without whose co-operation it would have been impossible for Major Hahn to procure the important data contained in his report." This was also marked: "Seen by the Hon. the Minister."

The preliminaries leading up to Major Hahn's trip and his subsequent report were related by Deputy Minister Lafleche, who testified that Hahn had been "introduced into my office by Mr. Hugh Plaxton, a member of Parliament for one of the Toronto divisions," in October, 1936. Gen. Lafleche said:

"Mr. Plaxton introduced Major Hahn as a man of substantial standing in the city of Toronto and as an old C. E. F. officer with a very excellent record. He told me that Hahn had a successful business career and had disposed of his interests in the radio manufacturing business and was not occupied at the time. With a very few associates he wanted to come back into the commercial business. He was acquiring or had acquired the plant of the John Inglis Co."

Knew of Inglis Co.

Gen. Lafleche said he had known the old John Inglis Co. and had an excellent idea of their standing.

"Major Hahn," he continued, "wanted to know whether there was any business which the department was giving out in which he might be interested. He mentioned aircraft. I told him we were not in the market."

Mr. Plaxton and Major Hahn, Gen. Lafleche related, had seen the Bren gun in his office and Major Hahn had asked whether the gun would be used in the Canadian army. He had arranged with the Master General of Ordnance that Major Hahn be given an opportunity of further examination as the result of which he (Hahn) had reported that he thought he could make the guns.

Meanwhile, as the result of the first interview in the deputy minister's office, aeronautical engineers had been sent to inspect the Inglis plant and had reported that the plant had been inoperative since April, 1936; that machinery was unsuitable for aircraft but might be used for "tanks or shells."

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The Nation's Business

(Continued from page 1)

latter scheme the municipalities are nearly $600,000 behind in their payments.

* * *

EVEN without these unfortunate precedents, one cannot quarrel with Ontario's refusal to "hold the bag" in dealings between Ottawa and municipalities.

Not only are such dealings constitutionally dubious, but they are undesirable to the extent that they encourage municipalities to launch works not strictly necessary.

It would be better if municipal administrators were shown a way toward reduction of local tax rates, which bear so heavily on real estate and hobble the construction activity which this self-liquidating plan is supposed to help.

In view of the coolness between Dominion authorities and Premier Duplessis of Quebec, it is not unlikely that Quebec will follow the lead of its sister province in refusing to guarantee loans under the scheme. So far about $2 millions has been loaned under the plan, largely to western cities.

If loans are to be barred in the two largest provinces, a very important check will have been placed on Ottawa to prevent the Dominion Government laying out a large sum of public funds in a scheme of doubtful wisdom.

* * *

Solving Taxation and Debt Problems

BUSINESS and financial leaders gathered at the Seigniory Club recently for the annual meeting of the Canadian Chamber of Commerce placed debt and taxation near the top of the list among problems of most concern to Canadian business.

In its statement of policy the Chamber said:

"Balancing of the Dominion and provincial and municipal budgets is essential to the prosperity of the country and its citizens and is the most obvious prerequisite to the firm establishment of confidence.

"While progress has been made in this direction by several governments, there is still much to be done in the curbing of excessive governmental expenditures. Budgets cannot wisely be balanced by additional taxation, but rather by the drastic curtailment of the expense of government, by reduction of railway deficit, by the readjustment of unemployment relief disbursements in accordance with demonstrated necessity. Improved sound public finance should be achievable through the determined effort of governments and the co-operation of the public."

* * *

AGAIN this year the Chamber has resolved to press for a wider understanding and appreciation of the task before the Rowell Commission. It aims especially to assist in evolving a businesslike plan "for governmental collecting and spending."

As emphasized by George C. McDonald of Montreal in his presidential address, it is essential in accomplishing these tasks that public men be imbued with a sense of trusteeship.

It is necessary to go farther and inculcate among Canadians "an attitude that will demand the spirit of trusteeship from our public men."

Rowell Commission — 6

Would Shift Death Duties

Transfer to Dominion Government Would Eliminate Duplication

There are two schools of thought in Canada as to whether succession duties should be a Dominion or provincial tax.

At present succession duties are levied by the provinces by virtue of their authority to raise revenue by means of "direct taxation within the province." It was suggested to the Rowell Commission that succession duties should become a national tax. In addition to a number of business organization, seeking elimination of duplication of taxation, five provinces proposed the Dominion be given exclusive authority to impose succession duties. Three provinces are opposed to such action.

As with a number of other proposals, it is a case of the "haves" against the "have nots." Manitoba, Saskatchewan and the three Maritime Provinces, all of which collect a comparatively small amount of revenue from this source, favor the transfer. Those provinces which derive considerable revenue from succession duties—Ontario and Quebec—are opposed, as is British Columbia.

Expect Compensation

It is surprising to find a Government willing to yield a source of revenue. However, those provinces which favor the transfer are not giving anything away. They expect to be compensated by the Dominion for their "generosity."

In return they want increased subsidies and assumption by the Dominion of certain services such as relief, old age pensions and mothers' allowances.

Redistribute Proceeds

Saskatchewan and New Brunswick would have the Dominion act merely as a collection agency. They want the Dominion to impose the tax, and redistribute the proceeds to the provinces. They suggest the redistribution be made on a per capita basis.

This proposal is supported by the broad argument for a more equal distribution of wealth as between provinces. A redistribution of succession duty revenue on a per capita basis would benefit the poorer provinces. The latter claim they have a right to some of the collections made by Ontario and Quebec. They point out that the great fortunes in these provinces have been gathered from all parts of the Dominion. Furthermore, Ontario and Quebec benefit from taxation of shares and securities owned by residents of other provinces.

The following table, taken from the Saskatchewan brief, shows the actual distribution of succession duties in 1934, compared with the distribution on a per capita basis.

Succession Duties
1934 Fiscal Year

	Actual collections $	Based on comparative population $
Prince Ed. Island .	50,452	93,661
Nova Scotia	298,337	544,340
New Brunswick ..	245,542	434,150
Quebec	2,697,771	3,052,271
Ontario	6,515,071	3,643,993
Manitoba	423,416	743,784
Saskatchewan	148,944	978,490
Alberta	256,850	776,842
British Columbia .	382,649	737,173

Considerable Duplication

The desire for an adjustment of Dominion-Provincial financial relations is not the principal reason for suggesting the Dominion Government be given exclusive authority to levy succession duties. The proposal arises from duplication of taxation, unjust treatment of taxpayers and costly administration and litigation that arise under the present system.

Provincial governments have the right to impose succession duties when the property is situated within the province, or when the property is not situated within the province but a transmission of the property takes place within the province. In order for the "transmission" to be within the province to a beneficiary it must pass from a decedent domiciled within the province to a beneficiary domiciled therein.

Since all provinces, with certain unimportant exceptions, impose succession duties on all property situated within the province and also on all transmissions within the province of personal property situated outside the province, double taxation often arises. Numerous estates find they have to pay two taxes.

Results In Costly Litigation

Then, again, present regulations result in administrative difficulties and costly litigation. The question of legal situs of many types of property presents peculiar difficulties. The difficulties have been productive of much litigation.

The Succession Duties Act impose a responsibility on executors and administrators to see that the duties are paid. They also normally prohibit companies from permitting transfer of their shares or registered securities when such securities have become subject to duties.

Since heavy penalties are involved, companies are unwilling to permit the transfer in any case where there is any possibility of the property being taxable unless consent of the province has been obtained. Thus, not only do executors have to determine what duties are properly payable, but they must be in a position to prevail upon the company in question to permit the necessary transfers. In practice this very often means that two legal opinions must be obtained, one by the estate and one by the company.

Pay Rather Than Fight

As a result of this situation it not infrequently happens that estates find themselves forced to make payments that they believe are not only unjust but also not legally enforceable. These payments arise when the companies concerned refuse to permit transfer of shares without payment to some other province, even though the estate has been advised the shares are taxable only in the province where the deceased had his domicile. As the amount involved is often not very large, estates usually pay such duties rather than assume the cost of litigation.

Unfortunately, also, cases of duplication usually arise in estates of moderate size. In fact, if the property subjected to double taxation constitutes a large part of the estate, serious hardship may result. Wealthy men are usually in receipt of legal advice. As a result they usually avoid duplication of taxation by formation of a holding company in their province of domicile.

May Result in Loss

Delays incidental to determination of estate duties by two different jurisdictions may involve an estate in serious loss. The Dominion Mortgage and Investments Association told the Rowell Commission of one instance where such delay resulted, in a declining market, in the estate finding itself ultimately with assets worth less than the total succession duties payable to the two provinces.

Other Provinces Benefit

There are other aspects of the present system which some of the provinces consider unfair. For instance, a Saskatchewan estate may hold shares of a company that does a large business in Saskatchewan. Because the head office of the company is in eastern Canada, Saskatchewan cannot tax the estate on the basis of situs. In fact, if the shares pass to someone domiciled outside the province, they cannot be taxed on the basis of transmission, either. In other words, Saskatchewan gets nothing.

Since not only the head offices but also the transfer agencies of all leading companies are in Ontario and Quebec, the Western and Maritime provinces are at a disadvantage. For example, executors of a Prince Edward Island estate which holds shares of a Manitoba company, may be forced to pay succession duties in Quebec because the shares are transferable there.

Transfer of succession duties to the Dominion is the most desirable solution, but much duplication and many of the existing difficulties can be avoided without doing this. All that is needed are broad reciprocal agreements between the provinces. This, however, is not easy of achievement. Such agreements have been suggested in the past, but little progress has been made. Actually the trend has been in the other direction for reciprocal agreements between Ontario and several other provinces were repealed in 1935.

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Lake of Woods Milling Report Shows Deficit

MONTREAL.—Lake of the Woods Milling Co. reports a deficit of $296,132 for the year ended Aug. 31 last, compared with a net profit of $328,689 in the previous year. This is after providing only $75,000 for depreciation as against $150,000 in 1936-37. Net operating profit for the year amounted to only $8,614 as against $738,706 in the previous year. Working capital was reduced during the year from $817,231 to $613,726. Inventories show a sharp reduction from $3.5 millions to $894,000. This is largely offset by a reduction in bank loans from $2.9 millions to $625,000.

Eastern Steel Products Business Holds '37 Level

Sales of Eastern Steel Products, Ltd., so far this year have been maintained at about the same level as in the corresponding period of the year ended November 30, 1937.

An estimate of earnings for the current year is not available but the company hopes to be able to show a profitable as good as a year ago when net of $105,546 was reported. This gave a wide margin of coverage of the 7% preferred dividend and left $1.40 a share for the common. A dividend of $1 a share was paid on February 1 of this year on the common stock.

Dom. & Anglo Earnings Close to Last Year's

Income of Dominion and Anglo Investment Corp. so far in the year which began May 1 has held at close to last year's levels, when the company was able to earn $7.31 a share on its preferred stock. Officials of the company look forward to the balance of the year with optimism and feel that final results should be not far from last year. Market value of the trust's portfolio, of course, has appreciated substantially in the past couple of weeks and makes a much better showing than toward the end of September.

Declaration of an extra dividend of $1.25 a share along with the regular payment of the same amount, payable Dec. 1, 1938, to shareholders of record Nov. 15, has been announced. After this payment, arrears will amount to $2.50 a share, equal to one half year's payments. It is understood that payment of this extra, the same amount as paid on Dec. 1 of last year, is a good indication of how earnings are being maintained.

OMEGA GOLD MINES

Drifting is proceeding at the 1,175-ft. level of Omega Gold Mines. The face of the drift showed $12 ore across a width of 9 ft. at last report. It is estimated that about three weeks will be required to unfold the ore picture at this level.

CANADA'S WHEAT
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Our October offering list, just off the press, contains interesting facts and figures about this year's crop and the ultimate effect it will have on Canadian business generally.

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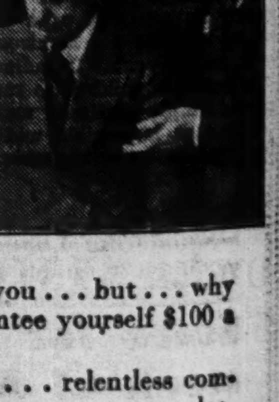

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London Calling

by Atticus

Unforgettable Scenes in British House as Danger Averted on Brink of Conflict

GEOFFREY LLOYD

LONDON.—It is significant how events will color the meaning of established things. The prayers with which the House of Commons are opened every day do not vary with the years except in the changing personnel of the Royal Family. Repetition is apt to dull the fine edge of inspiration, I am afraid, but suddenly an unexpected danger confronts the nation, a threat from within or without its borders—and familiar words become poignantly topical as if they were written for the very moment.

On the fateful Wednesday it seemed that almost every member of the House had crowded into the famous old chamber before the Speaker entered. This time it was the deep, solemn monotoning of the Lord's Prayer which gripped the imagination. We had come to Westminster through streets and parks that were feverishly preparing for war. The contents bills of the evening newspapers proclaimed the mobilization of the fleet, the calling up of reserves in every country and the swirling torrent of events out of man's control. We had come to Westminster expecting the Prime Minister to say that he had done all that man could do and that once more the British nation would have to go to war.

Then we heard the old old words: "Thy Kingdom come... As we forgive them that trespass against us ... Deliver us from evil..." Outside in the parks ugly gashes of trenches were being dug by unemployed workers for whom the nation had at last found use. Children were being rushed from London as if somewhere in the heart of the country another Pied Piper was calling them.

* * *

It was a strange, unforgettable week. Each one of us most have experienced something of the same emotional reactions. One looked out at the familiar surroundings of one's home, at the pleasant habits which time engenders, at the freedom to speak one's mind, at the life of the nation which is so essentially just and decent for all its faults—and one wondered if it was all to end in the strident criminal vulgarity of war. Walking through the streets we speculated how soon we should see again young men in hospital blue, legless, sightless, groping their way down the road that has no end. The sight of Westminster Abbey filled me with a sudden anger. Would it be destroyed so that some day in the future we would see a modern cathedral being erected in its place, sans memories, sans tradition, sans everything?

In my garden where a marvellous pear tree sheds its blossoms and its leaves at the end of each chapter of its life a seven foot trench has been dug. Shakespeare found humor in his grave-diggers' scene. There is a more savage humor in the sight of men digging in a garden—not to plant seeds for the flowers of next year—but to hide human beings like weasels or ground hogs from the terror of the skies.

It was in a mood of intense resentment against the fates and the ineptitude of men that we gathered to hear Mr. Chamberlain's story of his double flight to Germany.

* * *

Unprecedented Scene

That scene was unlike anything which memory can recall. Usually when there is a spectacular debate both sides cheer the entrance of their leaders rather after the fashion of a cup final. Mr. Chamberlain received an ovation from his supporters who stood and waved their order papers for more than a minute. On the other hand Mr. Attlee was received in complete silence by his loyal followers. There may have been a reason for that of course. The Prime Minister was the central figure and the Leader of the Opposition did not actually figure in the crisis. Mr. Churchill came in quietly just before Mr. Chamberlain rose to speak but those who think with him at all times made no attempt to recognize his presence audibly.

Mr. Eden, in the famous corner seat below the gangway looked serious and hardly ever took his eyes off the Prime Minister. Perhaps it was the abolishing of questions which robbed the atmosphere of that sense of high spirits which always marks an occasion when nerves are strained and acerbities aroused. Even Mr. Lloyd George, who is said to resent not having been called in to consultation during the crisis spoke to no one but gazed with a frown at the Front Bench opposite.

A political writer in a London newspaper wrote that Mr. Chamberlain looked lonely, harassed, and utterly worn out. If we accept the dictum that beauty is in the eye of the beholder then I suppose harassment and fatigue are also a matter of personal vision. As for myself I can only state that the Premier's appearance utterly astonished me. He looked stronger and less worried than when the house adjourned in July. It almost seemed that the clouds through which he had been flying had given him a new vigor. There was also that assurance which comes to a man of character who feels that he has done all that a man can do and faces the verdict of history without fear. An amazing feature of his speech was the way he practically disregarded his notes. Although each detail of the meetings at Berchtesgaden and Godesberg was stressed with meticulous care he gave the impression of recalling the whole affair as he went along.

Unlike one or two of his Front Bench colleagues, Mr. Chamberlain's manner never suggests that he has ever heard of such things as the public gallery, the speaker's gallery or even the press gallery. He must have known that Queen Mary was listening with Mrs. Chamberlain. He could not have missed, either, the faces of Lord Baldwin and Lord Halifax behind the clock. Yet his eyes never went beyond the actual members of the House. His critics have said that he is not a good House of Commons man because he was never a back bencher long enough to know what the private members were thinking. With a deep respect to my colleagues I venture to suggest that it is more important for a Prime Minister to know what he himself is thinking.

* * *

The scene at the end was quite indescribable. It fell to Sir John Simon, who had sat beside Mr. Asquith when Sir Edward Grey made his momentous speech of Aug. 3, 1914, to receive the note from Herr Hitler. Never was a climax so magically timed. Never was any pronouncement more startling or more electric. We did not leap to our feet, we were swept to them by an irresistible force. Yet now that it is possible to recall the events of that moment with reasonable calm I must record that the irresistible force did not expend its energy equally upon all sides of the House. For reasons which utterly escape me the Socialists sat grim and silent. There are so many men of sterling character in the Labor Party—patriots like David Kirkwood who loves his country so much that he will accept no honor for serving it—but did they think that the news from Munich had anything to do with party advantage? Perhaps their tactical situation was difficult and they had to bear in mind that they could not denounce in debate what they had welcomed with cheers. If so I admire their poise and self-control. At last we have found the immovable mass to confront the irresistible force.

Mr. Lansbury did not hedge. He gave the Premier his blessing without equivocation. Nor can anyone deny that the former Socialist leader has fought by day and by night through summer and winter to rouse the conscience of the world against war.

* * *

Two Good Men

In the drama of this crisis the leading players so dominate the scene that there is little chance to praise the supporting cast. Yet when Geoffrey Lloyd loped into the House last Wednesday with his Hulbert chin and broad youthful shoulders I felt that he had earned the gratitude of us all. On his heart I am sure we shall find the strange cabalistic letters "A. R. P." For the last 18 months Mr. Lloyd might be said to have looked at the world through a gas mask. He has visualized a civilization solely of bursting bombs and flaming dwellings. Nothing is harder than to make a democracy rise to an emergency until confronted face to face with it. Nevertheless Mr. Lloyd's army of volunteers was so well prepared that if the skies had let loose their fury upon us we should have been guided and tended or buried in the most efficient manner. Mr. Lloyd's promotion is surely overdue. He should be allowed to put his gas mask aside.

The other man of the moment is Sir Horace Wilson who, at 56 years of age, has become the flying negotiator. A young journalist once wrote of him: "He never went to a fashionable public school or to Oxford or Cambridge, and has charming manners." It might have been kinder to have substituted the word "but" for "and." Herr Hitler is always supported by a veritable battalion of diplomatic, military and political experts but when Mr. Chamberlain arrived he had only two squires, Sir Horace Wilson and Mr. William Strang.

SIR H. WILSON

Sir Horace enjoys nothing so much as a quiet week end in the country away from all worries. With the perversity of fate it is the one thing that he seldom achieves. Ever since the days when he assisted Lord Askwith in settling trade disputes he was marked as a negotiator of the highest order. Such a reputation is a dangerous one to acquire in a country that boasts our rough island story. It is said that the method of Sir Horace is to encourage the other man to say all that is in his mind and then to encourage him to say some more. By this system, assuming that rumor is correct, Sir Horace forces all reservations and suspicions into the open. He knows the exact measurements of the problem, which he must master.

The fact that he has a quiet voice and does not give his opinion until it is required has resulted in him being dubbed a "mystery man" and credited with possessing an undue influence over the Prime Minister's mind. That will not worry the subject of this sketch. Nothing perturbs him. Whether it is planning the famous agreement at Ottawa, helping to adjust the general strike, fixing up a Mediterranean dispute or explaining the inexplicable to Herr Hitler, it is all just one more obstacle between him and his modest home in the country.

And now I am going to take all my books on Europe, place them in my garden trench and have it filled in.

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Port Alfred, Que.

Banque Canadienne Nationale has purchased $103,500 of 4% 10-year serial debentures at 96.25. $71,500 of the issue, dated Nov. 1, 1938, matures Nov. 1, 1939-48, and $32,000, dated Oct. 1, 1938, matures Oct. 1, 1939-48.

Railways Gain In September

C. P. R. Has Increase of $1.4 Million — C. N. R. Down Slightly

From Our Own Correspondent

MONTREAL.—For the second successive month, the Canadian Pacific Railway reports an increase in gross revenues over the same month last year. As a result of the heavier wheat movement gross revenues in September increased $1,430,000, or 9.09%, over the corresponding month last year to $15,785,000.

In the last nine days of the month revenues increased by $622,000, or 13%, to $5,395,000. Since the middle of August gross revenues have been above the 1937 level so that the decline recorded in the first seven months is being steadily reduced. At the end of September the reduction in gross revenues amounted to $4,822,000, compared with $6,602,000 on August 15.

The sharp increase in gross will probably enable the C. P. R. to report an improvement in net earnings for the month. The increase of $268,374 in gross in August was more than offset by a rise of $353,966 in expenses. Expenses will be higher in September also but the increase is not likely to be as large as the jump in revenues.

C. N. R. Revenue Down

Gross revenues of the Canadian National Railway failed to show as great a response to the larger wheat movement as did C. P. R. revenues. Gross revenues of the government-owned railway were again lower than in the same month last year. The reduction, however, was the smallest recorded in the current year to date, amounting to $80,810, or 0.5%. Revenues for September totalled $17,849,629.

There are several reasons for the failure of C. N. R. revenues to show as great an expansion as those of the C. P. R. In the first place, the C. P. R. derives a greater proportion of its revenue from western lines than does its rival. Then again, the C. N. R. normally derives a considerable portion of its traffic from the industrial areas of eastern Canada and from the territory served by the Grand Trunk Western. Traffic in this area is considerably below last year.

Aircraft Plan Gains Headway

Paul Sise and Directors Go to London to Discuss Plane Contracts

From Our Own Correspondent

MONTREAL.—The second step in the plan to manufacture military bombing planes in Canada for the British Government has been taken with the departure of Paul F. Sise, president of the newly formed Canadian Associated Aircraft for England where he will consult with British authorities.

According to Mr. Sise the company has not yet been completely set up. However, it is expected that as a result of the trip to England arrangements will be completed.

Victor Drury, president of the Canadian Car & Foundry Co., who is also one of the directors of Canadian Associated Aircraft, and J. E. Labelle, president of Canadian Vickers, Ltd., another director, also sailed for England. R. J. Magor, president of the National Steel Car Co., and W. J. Sanderson, president of Fleet Aircraft, Ltd., Fort Erie, Ont., two other directors, are already in London, as are several other executives connected with the aircraft industry in Canada.

Look for Contracts

The hope is held that when Mr. Sise returns a series of contracts will have been completed, spread over a period of years. As previously announced, C.A.A. plans to construct two assembly plants, one at St. Hubert, P.Q., and the other at Malton, Ont.

Late last month incorporation papers were taken out at Ottawa by Canadian Associated Aircraft. Capital amounts to $3,750,000. No details are available as to how this stock will be split up between the different manufacturers, or as to what proportion, if any, may be taken up by the British Government.

Dominion Coal Co. Output Up Last Month

MONTREAL. — Dominion Coal Co.'s collieries report an increase of 30,000 tons in production during September, as compared with the previous month. The Collieries hoisted 301,335 tons as against 270,198 tons in August and 389,114 tons produced in September last year.

SIMPSON'S — The Store for Men

CHURCH'S Famous British Shoes

In order that more men may know the superb leathers, lasting style and skilled craftsmanship of CHURCH'S ... SIMPSON'S announces these famous British shoes will now be available at 12.50 (and 13.50 for brown shades).

CHURCH'S shoes are exclusive in Toronto with SIMPSON'S. The Store for Men's entire stock of $14, 14.50, $15 and 15.50 CHURCH'S awaits your selection at this new low price.

NOW 12.50

(brown shades 13.50)

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For Their Protection

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BY setting aside securities in a living trust, a father can provide a means of support for his family... planned income which will continue to flow regardless of hazards which may affect his future earning power.

And should the time come when the family must carry on alone, the trust can be planned so that income and principal will be available to provide for their needs.

Other advantages of a living trust are the constant availability of our trust officers to aid your family in every way possible, and also the opportunity which *you* will have to observe the trust in action. Many men, after observing the operation of a living trust, provide further and more complete trust protection for their families in their wills.

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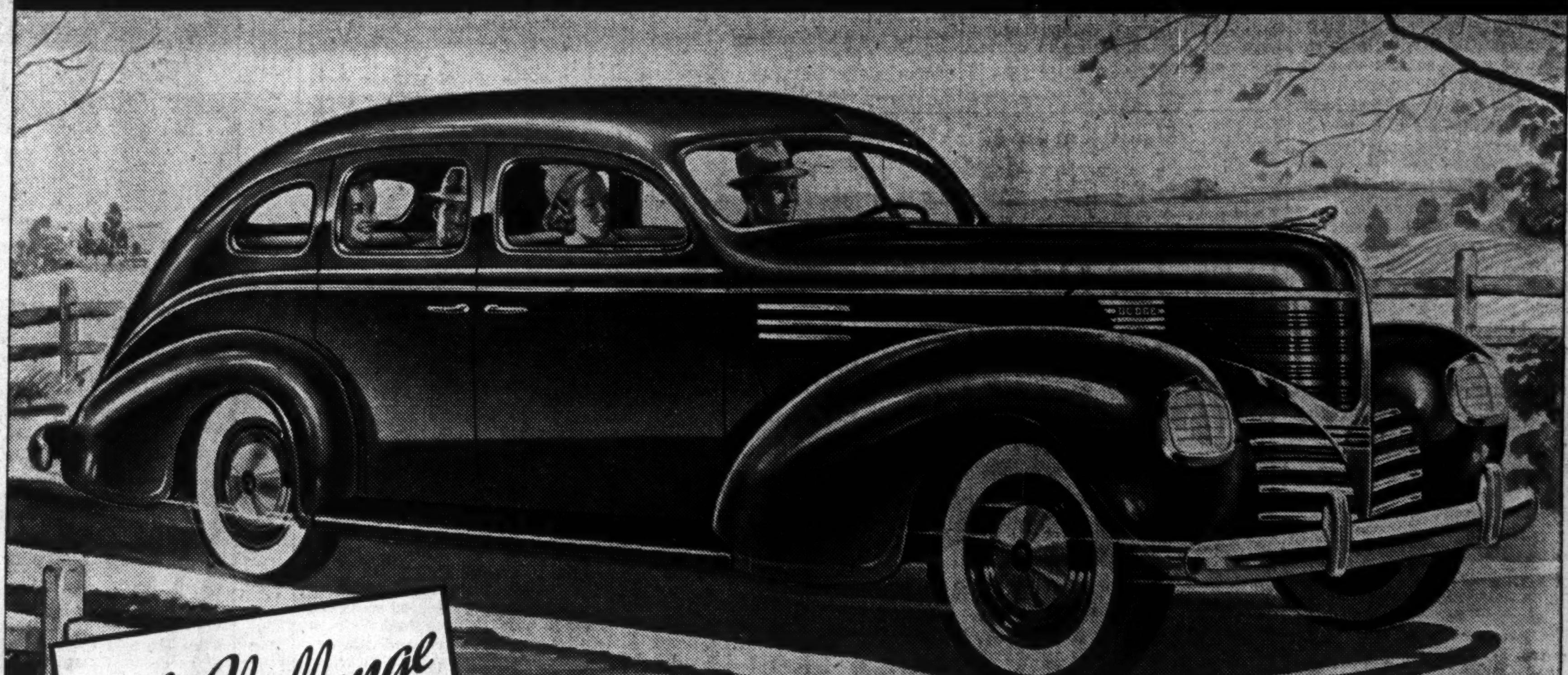
Let us serve you and your family

DODGE SIX *and* DODGE DE LUXE FOR 1939



New 1939 Dodge De Luxe Four-Door Sedan

LOWER PRICES

●

Longer Wheelbase
New Spring Suspension...
New Gear Shift... New
Safety Signal Speedometer

TAKE A GOOD LOOK at the most beautiful Dodge ever produced in all the 25 years of Dodge history. Actually two inches longer wheelbase, it looks even longer... Fenders are broader, deeper, longer and more massive. Definitely these 1939 Dodge cars are big cars and their appearance is ringing a challenge to all low priced cars.

And the RIDE! The physical sensation of riding in the new Dodge is that of gliding... Big bumps raise the whole car gently and as gently it settles back again ... Small bumps are absorbed by the rugged new independent front wheel suspension and the airplane-type shock absorbers. Dodge gives you a true, Relaxed Ride!

Gear shift lever is now on steering column in De Luxe Models... Front compartment floor is clear—lots of room for three people.

Driving is simpler and easier. Steering these new Dodge cars is more positive and at the same time easier! Gear shifting in the Dodge DeLuxe is very much easier than before. The gearshift lever has been moved off the floor on to the steering wheel where the same gear shifting motions become simpler and more convenient. The hand brake is at the left of the steering column so the whole front compartment floor is clear and roomy.

Independent front wheel springing with Amola steel springs and airplane-type shock absorbers.

DODGE—a leader in the introduction of all-steel bodies and double action hydraulic brakes again brings you these priceless safety features. The Dodge "Safety Signal" speedometer is a NEW safety feature... When driving at speeds up to 30 miles per hour a green light glows on the speedometer dial, from 30 to 50 a yellow light and over 50 miles a red light warns you... A speed guardian for city and highway driving.

10
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"SAFETY SIGNAL" Speedometer on all Dodge cars for 1939. A speed guardian for night driving.

Come in today and see the New Dodge Six and the Dodge De Luxe. Give yourself the pleasure of driving one of these new cars. They are priced right down among the lowest priced cars. Your Dodge dealer will gladly let you drive and judge their brilliant new performance for yourself.

YOU CAN BUY

A DODGE SIX Business Coupe... for $882

DELIVERED IN TORONTO
License and any local taxes only extra.

DEPENDABILITY... a Dodge Quality for 25 Years

Investment Trends

Stocks Hold Gains In Latest Recovery

While General Trend Appears to Be Upward Rapid Pace of Past Two Weeks Can Hardly Be Maintained Without Reaction

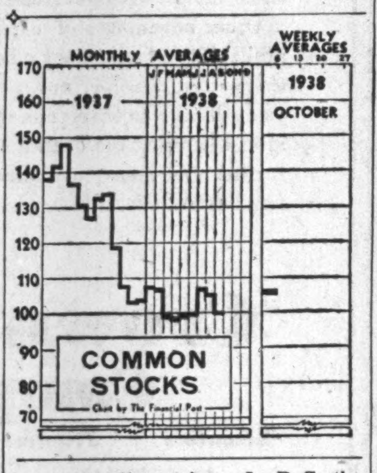
As should be expected, the past week has not seen the same feverish pace maintained by stock markets. They needed a breathing spell after the week of rapid gains that followed the Munich agreements. This has not been sufficient to bring discouragement to investors, but instead they should regard a period of consolidation as a constructive development. Holidays both in Canada and the U.S. have probably lessened activity.

It may indeed turn out that September, with its severe declines in stock prices, gave the market the required breathing spell for business activity to make some progress in reaching the levels that the stock markets were discounting in July and August. Relationship between stocks and business is probably closer today than two months ago.

In New York, stocks have decisively broken through the levels at which resistance to the rise was encountered early in August. Both Toronto and Montreal stock exchange indices, however, have not been able up to October 11 to penetrate the levels of two months ago. In spite of this the actual gains since September 27 have been greater on Canadian markets than in New York for the simple reason that Canadian stocks showed less resistance to war threats.

Generally it can be said that the outlook for higher stock prices over the coming months is excellent, although it would be too much to expect that no period of reaction would be felt.

* * *



Bright Spots in West

Midland Securities Corp., in its October investment letter, in an analysis of western purchasing power, sees eastern industries benefitting substantially from this year's prairie wheat crop. It states:

"On a 334-million-bushel crop western farmers, after paying all expenses and setting aside next year's seed, should have from $30 to $40 millions to spend as they please. In districts where yields per acre are low, naturally there will not be any such surplus spending power, but where 30 to 40 bushels per acre are secured, there will be a big inflow of extra cash. Here the costs of production may range down to as low as 35 cents a bushel. From such areas will come a demand for luxuries only dreamt of in the long, lean period of successive droughts.

"The farm implement industry is the first to feel the effects of this new purchasing power. In many areas the present crop could not be harvested without new machinery. In all cases there were extensive purchases of new parts and repair services. Later the threshed grain had to be protected and hauled to country elevators. All this meant heavier sale of lumber, farm equipment, hardware, twine, gasoline, oil, trucks and tractors. Railway revenues are rising as grain is moved out of the prairies, and supplies moved in."

* * *

Inventories

The so-called inventory stocks come and go in popularity with estimates of the likelihood or otherwise of higher commodity prices. Last year companies with large inventories of goods subject to wide price changes had to accept heavy losses in their year-end adjustments. In this connection we can mention Canada Packers, National Grocers, Goodyear, Dunlop and the other rubber companies, textile concerns and merchandising companies.

In some cases the prospects for improvement this year may not be as bright as hoped for; an example is the foods as mentioned by J. Milton Cork, president of Loblaw Groceterias, in the last bulletin of the Toronto Stock Exchange. But rubber, copper, hides, metals, to mention a few specific cases, appear this year to be showing an encouraging uptrend. Inventories acquired earlier in the year should be sold at a handsome profit, and in place of losses on year-end inventory valuations, a book profit may be shown.

* * *

Gasoline Prices

There seems to be rising again throughout Canada an agitation for lower gasoline and fuel oil prices. Alberta has just appointed a commission to enquire into a fair retail price for these products. Saskatchewan has for some time had a cry for lower gasoline prices. In B.C. the Provincial Government has lent semi-official support to a move for lower gasoline prices. In the Maritimes a similar agitation is heard from time to time.

Gasoline prices may be too high in Canada but profit statements of the major oil refining and distributing companies hardly support this. These companies have always been considered fair prey for such movements and usually have not done a great deal to give the public their side of the question. There have appeared signs, however, of a new attitude on the part of the gasoline and oil distributors. In B.C. an organization has been set up by the larger companies to give their side. This can be taken both as a recognition of the seriousness of the threats against prices and also as the beginning of a more aggressive attitude in their own defense by the companies. Whatever it is, these things have not done anything to add to the popularity of oil stocks in Canada.

Quebec's Power Plans Still Alive

From Our Own Correspondent

MONTREAL. — Quebec's National Electricity Syndicate's plans for the development of a water power site in Northwestern Quebec has been submitted to James Y. Murdoch, president of Noranda Mines, who with other mining men are interested in such a development, according to a statement made by Premier Duplessis. The Syndicate is taking over the site formerly held by Noranda Power Co.

No decision has yet been reached, the Premier says, but the Government would take the matter up in rapid order so as to be able to supply power to existing mining companies and also to prospective companies, for mine operations.

Market Upset Affects Dosco

(Continued from page 1)

a hand-to-mouth basis in anticipation of the inevitable downward readjustment of prices.

Seek to Defer Deliveries

Having bought materials high, wide and handsome in the world markets the British iron and steel trade is in an awkward position. The heavy continental imports did not add to stability, while the limited buying of the users of iron and steel has made for a draggy market. The English importers who made the long term contract with Dosco have deferred deliveries until the situation is straightened away. Eventually the contracts will be completed in full, but for the time being, the Sydney plant is marking time until shipments to England can be resumed on a normal basis.

Coal Trade Slower

The coal business has been somewhat slower this year. Both the company and its subsidiary, Dominion Coal, will probably report a somewhat smaller output in 1938 than was the case in 1937. However it should be borne in mind that large banks of coal were up over the past winter, so that sales may show up better than is indicated by the production figures.

Iron Ore Prospects

While it is a little early to make any definite forecast on the volume of shipments from the iron ore mines on Belle Isle, indications now are that the total will be slightly less than in 1937 when some 1,600,000 tons were exported. The German shipments are holding up well and deliveries to that market may be a trifle higher than last year; around 800,000 tons were shipped.

Sydney operations this year are expected to require a smaller amount of iron ore. Also the English market, in view of situation already described, will take less. The drop in shipments to Sydney and England will offset any increase that might take place in deliveries to Germany.

As far as Dosco finances are concerned, the returns will be better in some respects than is generally anticipated. The new deal with Nova Scotia Steel and Coal will not add to the fixed charges. Hitherto Dosco has been operating the Nosco iron ore properties under a lease and profit-sharing basis.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	100.0
July	129.2	23.1	88.6	177.6	59.4	167.9	120.5	142.6	66.4	84.9	48.6	106.9
Aug.	130.1	21.0	88.3	176.7	59.0	168.5	122.1	139.3	64.3	85.0	47.1	105.2
Weekly Figures, 1938:												
Sept. 1 ..	128.5	19.5	86.3	175.0	58.3	167.8	120.2	132.9	62.4	85.1	45.8	103.1
Sept. 8 ..	132.2	20.0	83.6	175.6	58.5	166.9	120.5	133.0	62.0	85.7	45.7	104.2
Sept. 15 ..	119.2	16.7	78.6	165.3	55.4	164.0	109.8	119.5	57.7	84.8	42.7	98.0
Sept. 22 ..	119.4	16.6	78.1	165.3	53.3	162.0	109.3	119.1	58.2	83.4	42.9	98.6
Sept. 29 ..	115.3	17.1	76.7	160.7	52.1	158.3	103.2	117.0	55.8	80.7	41.2	96.0
Oct. 6 ...	133.2	21.9	83.3	177.5	56.8	168.4	120.3	136.3	63.1	84.5	46.4	105.9

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Oct. 11	123.62	122.42	98.84	32.98
Oct. 10	Holiday			
Oct. 8	125.18	122.46	98.04	33.13
Oct. 7	123.50	121.43	95.80	32.68
Oct. 6	122.85	121.90	95.98	33.04
Oct. 5	121.88	122.67	95.12	32.76
Month ago ...	116.56	119.92	87.60	30.63
Year ago	134.45	114.10	79.20	36.95
High, 1938 ...	126.85	127.19	97.95	50.85
Low, 1938 ...	97.66	101.86	64.47	25.77

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
Oct. 11	67.9	85.4	79.6	124.95
Oct. 10	Holiday			
Oct. 8	67.2	86.2	79.8	123.98
Oct. 7	67.1	85.0	79.0	124.19
Oct. 6	67.3	84.4	78.7	124.35
Oct. 5	66.8	82.8	77.4	124.38
Month ago ...	62.2	72.3	68.9	121.91
Year ago	71.0	77.2	75.2	108.57
High, 1938	69.3	88.2	81.4	130.77
Low, 1938	57.6	61.1	60.5	103.06

Market Opinions

Fears of a reaction in stock prices to correct what may have been too rapid a rise seem the only factor tempering the optimism of most market commentators this week.

Brookmire Bulletins, New York—"Speeding up of the rate of gain in many industrial lines indicates that the lags induced by war fears are being dissipated, and that intensification of the main recovery trend can be expected. The stock market has shown the influence of these factors by an unusually sharp and prolonged rise, which, however, has gone so far so fast that some temporary recession is only logical to expect. On the first such setback, any accumulated cash should be put to use; and maintenance of present invested positions should continue to enable sharing advantageously in recovery."

* * *

Barron's, New York (The Trader)—"Leadership of the market cannot be derided, because it is the popular group of stocks to be found in almost any portfolio that continues to forge ahead and on prospects entirely. It is the high-yield issues, where—notably in the case of utilities—the most favorable price-earnings ratio in several years exists, that have lagged. Lack of investment confidence is at the bottom of such an anomaly, but the possibility of isolated liquidation that might become a general depressant is rather remote under present credit conditions.

"Not a single Wall Street brokerage house now remains sceptical toward the advance, the only 'hold-out' of the summer having reversed his attitude last week. . . . .

"It is questionable if in S.E.C. markets, which proverbially cannot be hurried, so fast a pace—without a more immediately appealing earnings background—can be sustained."

* * *

Journal of Commerce, New York (Jules I. Bogen)—"We may conclude, therefore, that while profits may recover more slowly than during the last two recovery periods, this is not without its compensations. If the current recovery period is not accompanied by a material rise in prices, as was the case in 1933-1934 and 1936-1937, it may prove all the more lasting for that reason. In fact, the prosperity of the twenties was marked by falling prices. As production volume more nearly approaches the capacity level, the profit margin will tend to take care of itself, either through the consequent decline in unit costs or, if that is prevented by wage increases, through later price advances."

* * *

The Annalist, New York — "Although there is undoubtedly some basis for disagreement among traders as to the fundamental strength and probable permanence of this recovery, it may be said that the rally had accomplished all that was reasonably to be expected as a result of the more favorable news.

"It is apparent, however, that stocks have merely welcomed readjustment from the war liquidation. It is equally apparent, therefore, that the prices are now at a level from which further recovery is likely to depend chiefly upon a considered appraisal of the business outlook and other aspects of the domestic situation."

* * *

Magazine of Wall Street, New York — "Taking into account the termination of the war threat, the basic financial and economic factors operative since the business cycle turned upward in June and the present technical performance of the stock market, it is our opinion that the seven-week intermediate reaction which began early in August has terminated and that the general market trend has now turned definitely upward.

"The scope and breadth of the rally seem to us to constitute adequate technical evidence of a significant change in trend. The validity of this view will be fully confirmed when—as we believe highly probable—the next technical reaction halts above the September lows and is followed by rally above whatever highs the averages make in the initial rebound under way at this writing.

"Two months ago the market was in the position of having advanced faster than business, but while the market got nowhere during August and September business was moving on up. Today there is no evident disparity between market and business levels and, following technical correction of the recent fast rebound, we believe the market will work higher in discounting the probable additional business gains of the next few months."

* * *

Financial World, New York—"So far as the near term prospect for stock price movements is concerned, the rapidity of the rise since Sept. 26 suggests that a breathing spell may be in order, to permit the market to consolidate its position. But regardless of any technical reactions that may shortly be seen, there seems now to have accumulated sufficient evidence to support the opinion that we have witnessed a resumption of the longer term upward trend. And investors appear warranted in shaping their policies accordingly."

Coast Breweries Earnings Higher

From Our Own Correspondent

VANCOUVER.—A slight increase in net profits is reported by Coast Breweries on operations for the year ended June 30. Net of $252,356 is equivalent to 14 cents a share on the 1,803,150 shares outstanding, compared with $247,510 for the previous year. This would have been equivalent to 13.7 cents per share on the present stock.

Balance sheet shows working capital at $223,201 compared with $407,853 a year ago. This decline was concurrent with an increase of $221,921 in investments in and advances to associated companies. The amount of investments and advances stood at $425,293, compared with $203,375 the previous year.

Gross profit and income for the year totalled $734,883 compared with $701,989 the previous year. Expenses of $290,751, depreciation amounting to $84,253 and income taxes of $106,658 left a net profit of $247,510.

After dividends of $210,959 there remained $41,387 to add to surplus, bringing the balance to $173,682. Last year dividends were $187,527, leaving a $59,983 surplus.

Investment Notes

S.E.C. report of August summary of security transactions contains the following of Canadian interest:

Canada Dry Ginger Ale—H. M. Cubberley, officer, disposed of entire holdings of 100 shares in July, 1938. Thomas Hildt, director, holds no shares directly but through Alex. Brown and Sons, in which his proportionate interest is not shown, increased holdings by 200, shares to 300.

International Mining Corp.—W. B. Baggaley, director, holds no shares directly, but through Warwick Corp. decreased holdings by 900 shares to 3,003.

International Nickel—Lord Weir, director, decreased common holdings, 2,134 shares to 1,166 and holds one $100 par 7% preferred share and 16,000 $5 par 7% preferred.

International Paper and Power—M. G. Chase, director, increased common holdings 700 to 9,900 and holds 1,600 $5 preferred and 7,800 warrants for common.

Paramount Pictures—J. D. Hertz, director, holds no shares of second preferred directly and through Lehman Brothers, in which proportionate interest is not shown, disposed of all of 1,000 shares held.

* * *

Thrift Stores—Units operated by Thrift Stores have been substantially reduced since the last annual statement. At present there are 140 in operation, as compared with 170 a year ago. These are located as follows: Montreal, 68; Verdun, 12; Outremont, 7; Westmount, 4; Lachine, 3; St. Lambert, 2; Montreal West, 2; Mt. Royal, 1; Ottawa, 7; Westboro, 1; Toronto, 32; and Weston, 1.

Units in the Montreal area have been reduced to 99 from 114 in Montreal districts, shown a year ago; Toronto units have been reduced to 33 from 48 and 8 stores in Ottawa have remained unchanged.

* * *

Brantford Cordage—Perhaps overlooked in considering stocks that were helped by the larger harvest in Canada this year is Brantford Cordage which company normally supplies about one-quarter of the total Canadian demand for binder twine. This is equivalent to about two thirds of the company's output, the balance being exported. A less favorable factor, however, is the increasing use of combine harvester-threshers and other methods of harvesting which eliminate the use of binder twine altogether.

* * *

Humberstone Shoe — The labor troubles mentioned by the president in the annual report recently are still a source of embarrassment to the company. This is normally a slack period in its operation, however, and a shut-down is less harmful to earnings than at other periods. Strikes and shut-downs in the year ended July 31, 1938, are blamed for the decline in profits to $1.36 a share from $2.52.

N.I.A.A. VICE-PRESIDENT

Vincent R. Young of Canadian General Electric Co., who has been elected a vice-president of the National Industrial Advertisers Association to represent Canadian affiliates of the association.

Hamilton Bridge Earnings Improve

Carryover from '37 Keeps Plants Going But New Business Slack

With business for the first eight months of 1938 a little above last year's level, Hamilton Bridge Co. has also been able to achieve a somewhat higher net operating profit so far this year. In 1937 sales increased 60% over 1936. W. B. Champ, president and managing director, stated last year that profits did not reflect the improved business, as much of this larger volume was obtained late in the year and carried over into 1938.

It is understood that it is largely this carryover from 1937 that has been responsible for the better profit showing this year. In 1937 a net loss of $10,956 was reported.

As a result of clearing of carryover of business in the first seven months and a failure of new orders to develop on any large scale, the last two months have been pretty lean for the company. August being the first month in 1938 to fail to show an operating profit. Thus final results for the whole year are still in doubt although chances for improvement over 1937 appear still excellent.

Western Subsidiary Busy

The company's subsidiary, Western Bridge Co., has also had a better year so far, largely on account of the contract obtained for the First Narrows Bridge at Vancouver. This contract has now been completed and new business has been slow developing. Western Bridge had a profit of $22,353 in 1937.

Mr. Champ admits that there is an improved sentiment as regards possible construction projects since the cessation of war scares. So far, however, this has not become strong enough to result in much in the way of actual orders. One large project which the company hopes will come through before long is the proposed construction of a continuous strip mill by Steel Co. of Canada. This is still indefinite and no contracts have been let.

Consol. Sand & Gravel Redeems More Preferred

Consolidated Sand & Gravel, subsidiary of Standard Paving & Materials, has advised the Toronto Stock Exchange that an additional 179 preferred shares have been redeemed, leaving 7,694 preferred shares outstanding. This makes a total of 276 preferred shares redeemed since the close of the company's year on March 31, 1938.

APPROVE PEMBROKE PLAN

The Ontario Department of Municipal Affairs has approved the refunding plan of the Town of Pembroke, Ont.

Tenders for County of Carleton Debentures, 1938

Sealed tenders addressed to the undersigned, will be received up to 2 o'clock P.M., Thursday, October 20th, 1938, for the purchase of the following debentures, bearing 3½ per cent interest, with coupons attached, dated July 2nd, 1938.

$36,900.00 payable in 10 equal annual instalments of principal and interest.

All tenders to be Ottawa funds.

The highest or any tender not necessarily accepted.

HENRY R. WASHINGTON,
County Clerk and Treasurer,
Court House,
Ottawa.

Canadian Public Finance New Booklet—

The 1938 edition of our "Canadian Government and Municipal Financial Statistics" booklet is now available. It includes the following:

(1) Financial statistics and ten-year comparative statistics of the Dominion of Canada, the Provinces and ten of the larger Cities.

(2) Charts showing percentage changes in the debts of the Provinces, and diagrams showing comparative per capita municipal debt and tax collection figures.

(3) A concise map of the Dominion of Canada.

Copy forwarded upon request.

Wood, Gundy & Company Limited

Toronto Montreal London, Eng. Ottawa Hamilton Winnipeg Vancouver London, Ont.

Over $10,000,000 of "CHAMPION SAVINGS CERTIFICATES" have been issued in Canada. You CAN save the Champion way. This time-tested, systematic method makes saving easy. Our pamphlet C-1 describes the Plan in simple language. Send for a copy. No obligation.

Champion Savings Corporation

201 NOTRE DAME STREET WEST, MONTREAL

Halifax Charlottetown Regina Saskatoon Calgary Lethbridge Edmonton Vancouver Victoria

ALBERTA'S RESOURCES...

a Solid Foundation of Natural Wealth

● The widening scope of Alberta's natural resources provides a solid foundation for industrial and economic progress. For years the Province has been active in the development of its agriculture, cattle ranches and coal mines; now production of crude oil in Turner Valley and mining activity in the North-West Territories—served from Edmonton—are giving added impetus to the purchasing power of the Province.

These new developments have found quick reflection in Alberta's business activity. New refineries and pipe-lines representing a capital expenditure of more than $2,000,000 are either planned or under construction; many millions more have been invested in bringing Turner Valley's 51 crude oil wells into production. These wells are now producing wealth at the rate of nearly $1,000,000 a month; the industry gives employment to approximately 6,000 workers, and it is steadily growing.

Once Alberta's harvest was grain alone—now that harvest is broadening in scope to give more work and more wealth to Canada and Canadians.

★ *Anglo-Canadian Oil Company, sponsored by this House, is playing a large part in the development of Alberta's crude oil resources. Anglo-Canadian now has 11 wells in production and through subsidiaries is actively engaged in drilling and refining operations.* ★

NESBITT, THOMSON & COMPANY
LIMITED
38 King Street West, Toronto, Ont.
Branches in the principal cities of Canada

84A

HEINZ *knows* —

E. L. RUDDY CO
22 kinds
HEINZ
SOUPS
SOME OF THE 57
HEINZ SPINACH SOUP
HEINZ VEGETABLE BEEF SOUP
HEINZ CHICKEN NOODLE SOUP
HOME-MADE without the HOME-WORK

"One Picture IS WORTH 10,000 WORDS"

Poster Circulation figures are audited and their accuracy approved by the **T.A.B.** (Traffic Audit Bureau).

There is no guesswork in buying Poster Advertising today. You know exactly the circulation you get for the money you spend.

The average cost of a representative showing in 250 Canadian cities and towns with a daily net advertising circulation of 2,369,420, is only 13.2 cents per thousand readers.

Food has two primary appeals—appetite appeal and eye appeal. Maximum effectiveness of these two appeals is obtained through illustration and color in poster advertising.

In the early 1890's the Heinz Company in Pittsburg started using poster advertising—they continue to use posters to sell millions of buyers, more of the "57 Varieties".

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YIELDS OVER
4½%
on well secured investments are hard to find. Let us tell you about certain obligations of that description which you may have overlooked.

Please ask for list P24

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TORONTO OTTAWA QUEBEC
SHERBROOKE
136

CANADA STEAMSHIP LINES LTD.
5% 1st Mortgage Bonds Due 2nd January, 1957
We offer these bonds at the market to yield approximately 6.44%.

HANSON BROS.
INCORPORATED
Established 1883
255 St. James St. West
MONTREAL
Ottawa Toronto

ACCOUNTANCY
AND ALLIED SUBJECTS

The Shaw Higher Accounting Courses by Mail prepare for all accounting positions. Choose the Shaw Course. 40 years of success. 500 expert accountants for reference. The broader your knowledge the better your salary. Course is planned in 3 sections—we can catch step with you at any stage and guide you to the top. Allied subjects include: Cost Accounting, Auditing, Corporation Finance, Practical Banking, Business Administration, Secretarial Practice, Economics, Commercial Law, etc.

Write for Catalogue, Shaw Schools, Dept. RC-79, Bay and Charles Sts., Toronto, Ont.

Bond Sales

St. Thomas, Ont.

A $51,000 issue of 3% serial debentures, maturing Oct. 15, 1939, to 1948, was sold to Wood, Gundy & Co., at 99.88, on a cost basis to the town of 3.03%. Following is a list of bids submitted:

Wood, Gundy & Co.	99.88
Harris Ramsay & Co.	99.51
Fry & Co.	99.36
A. E. Ames and Co.	99.28
Harrison & Co.	99.27
Fairclough & Co.	99.07
McLeod, Young, Weir	99.06
Dyment Anderson & Co.	98.51
R. A. Daly & Co.	98.35
Frank L. Craig	98.25
Dominion Securities Corp.	98.10
Bell Gouinlock & Co.	98.05
Midland Securities	98.037
J. L. Graham & Co.	98.00537
Mills Spence & Co.	97.89

* * *

La Tuque

MONTREAL.—The city council of La Tuque, P.Q., has formally ratified the sale of a $31,500 bond issue to Credit Anglo Francais, of Montreal, at a cost of $98.56. The bonds bear interest of 4½%. Proceeds will be used for public works.

* * *

Hamilton Harbour

A. E. Ames & Co. is offering $385,000 of 4% bonds of Hamilton Harbour Commissioners at 100 and accrued interest. The bonds mature Dec. 31, 1941-50.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Ford Hotel	6%	1947	Nov. 1	101
Prov. Paper, A	†5½%	1952	Nov. 1	100½
P. L. Robertson Mfg.	7%	1942	Oct. 15	105

For sinking fund purposes: †$449,500.

Classified Advertisements

Classified ads. payable in advance, and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. cost 4c. per word

Executive Available

EMPLOYED EXECUTIVE DESIRES connection with reliable organization. Degreed accountant. Sixteen continuous practical years experience management, personnel, office management, purchasing sales correspondence, accountancy and cost accounting. Active, loyal, ambitious—location immaterial. Moderate salary. Interviews arranged your convenience without obligation. Box 68, The Financial Post, Toronto.

For Sale

FACTORY BUILDING, FOR SALE. 45 by 145 feet. This plant of brick construction is so built that second story can be added, it is ideally located, and suited for small woodworking plant, metal stampings, footwear or any type of light manufacturing. Enquiries solicited. G. J. Jenkins, Coldwater, Ont.

Office Manager

AVAILABLE IMMEDIATELY. THOROUGHLY experienced staff supervisor, conversant with up-to-date, money-saving, time-saving methods; possesses special knowledge of insurance company procedure, legal and other aspects of corporate finance. Opportunity to prove capacity for fulfilling responsibilities more important at outset than salary considerations. Highest references as to ability and integrity. Box 23, The Financial Post, Toronto.

Executive Wanted

ADVERTISER WISHES TO CONTACT printing executive of experience, with good acquaintance in the trade, with view to taking charge of sales development. This is an opportunity for a man of energy and ability to become identified with an established firm, looking to position of increasing responsibility and importance. In first letter seeking interview, state present position and experience. Apply Box 25, The Financial Post, Toronto, Ont.

Bond Markets

Principles Outlined Of Good Investment

Treasurer of Canada Life Reviews Basic Rules and How They Apply in Era of Low Interest Rates

Problems of the individual investor during the present era of low interest rates are not entirely similar to those of institutional investors, but there are many principles that determine the consideration of both buyers.

E. C. Gill, treasurer of the Canada Life Assurance Co., outlined cardinal principles of investment policy as they affect life insurance organizations before the joint meeting of the Actuarial Society and the American Institute of Actuaries in New York.

The first consideration of the insurance investor is security of capital. Mr. Gill is discussing only insurance investment, but this principle obviously is important to the private buyer.

In a period of low interest rates, standard of investment should not be lowered in any manner to obtain better rates. It is desirable to concentrate purchases in securities of medium or medium short term, because it seems undesirable to purchase long-dated securities at prevailing low yields, but it would be unwise also to pile up large amounts of uninvested cash or short-date treasury bills in anticipation of an early improvement in returns.

Market fluctuations on best bonds may be ignored, Mr. Gill states, if the proper percentage of assets is carried in liquid securities, and if proper banking credits are available.

Mr. Gill's second principle is: "That the highest practicable rate of interest be obtained, but that this principle should always be subordinate to the previous one, the security of capital."

In the third place: "That a large portion of the funds should be invested in securities that are not immediately convertible."

This feature, of course, brings about a higher rate of interest without sacrificing security, and while it is suited to the purposes of an insurance company, has no importance to the average industrial organization or individual searching for likely investments. In fact, the converse holds true in the vast majority of cases. Liquidity should be one of the prime considerations.

* * *

Surplus of Governments

Most insurance companies are holding more blocks of government bonds than they wish, until the time comes when they can transfer them into high-grade securities of the non-liquid type, according to Mr. Gill.

Fourth, Mr. Gill states: "That the investments should be widely distributed in relation to redemption dates, in relation to type of security and geographically.

"We believe that diversification and limit of risk in the investment business is just as important as the limitation of risks in the insurance end of our business."

Of interest almost entirely to insurance companies is the fifth point: "That liabilities should be covered by assets mainly of the same currency."

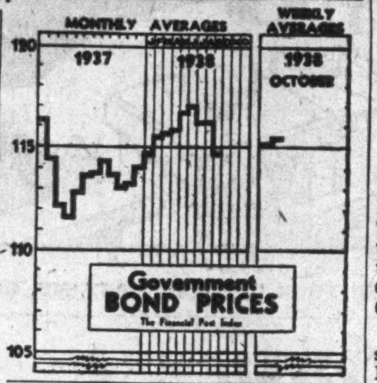
Of particular importance is Mr. Gill's sixth point: "That an active investment policy should be followed.

"The companies have extended their investment departments and made adequate provision that the portfolios will be constantly reviewed to eliminate securities that are deteriorating, and to trade gilt-edge securities when market fluctuations permit. Obsolescence, overproduction, inventions and other causes bring about great changes in industries. The extra costs of a larger investment department can be paid for many times over."

* * *

Short-term Bonds Move

A better tone in short-term high-grade issues is attributed to the purchase of $1 million of securities during the past week by a Toronto organization for sinking fund purposes. The short-term issues have been following the lead of the longer-term obligations in the Munich-inspired recovery, but have done a little moving of their own accord recently, because of this substantial purchase, it is explained. Canadian markets are restricted enough in scope to be affected by a transaction of this size.



* * *

Gatineau Refunding

Proposals for the refunding of the 5% first mortgage bonds of Gatineau Power Co. have been abandoned for the time being, it is reported. The operation originally scheduled for fall was delayed because of unsettled international situations and poor money markets. Now a number of factors make immediate action highly improbable.

Since the Canadian market could not readily absorb refunding of a $68.4 millions bond flotation, it would be necessary to go to the United States to sell the issue, or at least part of it. Complete data would have to be filed with the S.E.C. and this would necessitate considerable preparation.

The issue is at present callable at any interest date on 30 days notice at 104. Next interest is payable December 1, so that present bonds would need to be called by November 1 or another six months wait would come.

In June, 1938, the company sold $13 millions of bonds to replace the $13 millions of 6% debentures, which would ordinarily have matured in 1941.

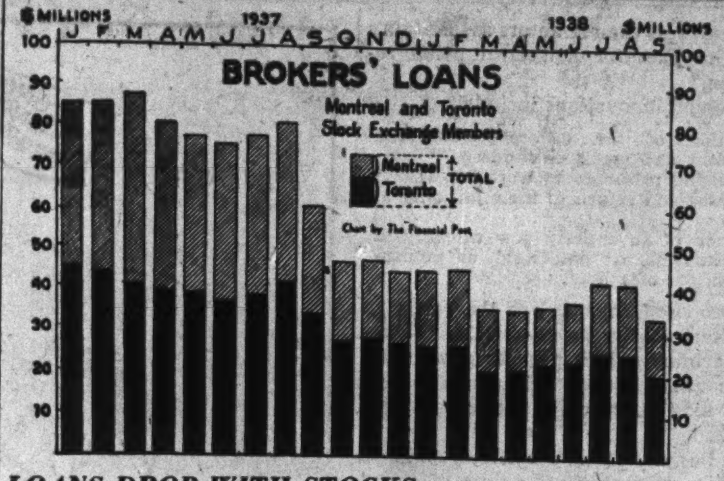
* * *

Bond Index

Prices of Canadian bonds moved up during the week somewhat, but there was a tendency for activity to slow up toward the latter part. A fairly substantial amount of municipal financing was effected and issues are reported to have met with good receptions.

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1938	Price $	Yield %
Oct. 11	115.29	2.951	Oct. 12	113.45	3.289
Oct. 8	115.32	2.948	Oct. 8	113.46	3.289
Oct. 7	115.32	2.949	Oct. 7	113.48	3.286
Oct. 6	115.29	2.954	Oct. 6	113.44	3.293
Oct. 5	115.29	2.954	Oct. 5	113.52	3.285
Oct. 4	115.11	2.981	Oct. 4	113.51	3.286
Year's	117.21	2.783	Year's	116.81	3.026
Range	111.86	3.389	Range	111.69	3.505



LOANS DROP WITH STOCKS

How the declining markets of the past year have reduced demand for collateral loans by Toronto and Montreal stock exchange firms is illustrated by this chart. Two factors probably account for the drop. Lower prices for stocks mean that the amount of loans required to carry the same number of shares is lower while declining markets discourage speculative commitments. This must have had some effect on bank earnings in the past year.

Trans-Canada Air Lines Complete Lockheed Fleet

From Our Own Correspondent

MONTREAL.—With the final delivery of the last two machines, Trans-Canada Air Lines now boasts the largest fleet of Lockheed 14's in the world, according to Robert E. Gross, president of the Lockheed Corp.

The 15 aircraft were built by a special order. Ten of the planes are Lockheed 14's of the same basic design of the craft used by Howard Hughes in his recent successful globe-girdling flight. Claimed to be the world's fastest transport planes, they will carry 10 passengers, two pilots and a stewardess, and are powered by two Pratt and Whitney 850-h.p. geared Hornet engines. The other five planes are Lockheed Electras, with a top speed of 210 miles an hour and a cruising speed of 195.

Postal Telegraph Hearing October 24

Hearing on the proposed plan of reorganization of Postal Telegraph and Cable Corp. will be held in United States Federal Courts on October 24, 1938. Federal Judge Coxe has directed all creditors and holders of securities to show cause why the court should not find the proposed reorganization a fair and equitable one.

An amended agreement, adopted by both committees connected with the reorganization of Postal Telegraph & Cable Corp. and International Telephone & Telegraph Corp. will give bondholders a minimum cash payment of $50 per $1,000 principal amount.

Associated Breweries Buy More Capilano Stock

From Our Own Correspondent

MONTREAL.—Associated Breweries of Canada has issued 13,400 shares of common stock in exchange for 26,800 additional ordinary shares of Capilano Brewing Co., of Vancouver. As the result of the acquisition of this additional stock, Associated Breweries now owns over 97% of the issued capital stock of Capilano Brewing.

The additional shares issued by Associated have been called for trading on the Montreal Stock Exchange. The company now has outstanding 238,000 common shares of an authorized issue of 400,000 common shares.

Bond Tenders

11 a.m., Oct. 16, Sch. Comm. of Drummondville, P.Q.—$50,000, dated July 1, 1938, redeemable annually from July 1, 1939 to July 1, 1963, alternative bids asked for 4% and 3½%. Gaston Ringuet, sec.-treas.

Owen Sound, Ont.—$75,000, 3½%, 10 and 15-year installment debentures.

Sherbrooke, P.Q.—$160,000, 3½%, 20-year installment debentures.

Township of Teck, Ont.—$77,340, 4%, 10-year installment bonds for school purposes.

12 noon, Oct. 13, Canada Treasury Bills—$30,000,000, dated Oct. 14, 1938, due Jan. 13, 1939.

Strike Volume Continues at Low Ebb in Canada

Despite a slight seasonal increase during September over the preceding month, extent of labor trouble in Canada this fall remains markedly less than at this time last year. In Sept., 1937, there were twice as many strikes and over three times the number of workers affected. Last month, the principal disputes involved coal miners in Nova Scotia and salmon fishermen in British Columbia, as well as a few strikes carried over from August.

Comparative figures follow:

Strikes in Canada

	September 1938	September 1937	Aug., 1938
No. of strikes	15	32	19
No. workers involved	2,173	7,521	2,083
Time loss*	18,840	41,288	14,308

*Man-working days.

Dominion Treasury Bills

The cost of financing Dominion Treasury bills reached the highest point since Dec. 15, 1937, with the $25 millions of bills dated Sept. 30, due Dec. 30, and sold Sept. 29, 1938.

Average price on the present issue was 99.81098, to give an average yield of 0.760%. This compares with 0.761% on Dec. 15, 1937, and the record low of 0.465% on June 15, 1938. Since that sale yields have shown seven consecutive advances.

This issue maturing Sept. 30 was sold at an average cost basis of 0.479%.

There is now $155 millions of treasury bills outstanding.

Drummond Realty Pays 2% on Bonds

Net Income Is Lower in Year Ended June 30 Last

From Our Own Correspondent

MONTREAL.—Drummond Street Realty Corp., which operates the La Salle Apartment Hotel, paid only 2% on its 5% general mortgage income bonds on Oct. 1. This compares with 5% a year ago.

Income in the year ended April 30, 1938, was higher than in the previous year, amounting to $128,501. However, the amount available for income interest was lower due to provision of $24,654 for depreciation and $5,510 for legal expenses.

During the year the first mortgage held by Montreal Debenture Corp. was reduced at $300,125 from $306,250.

The balance sheet shows a deficiency of $35,107 in working capital account, current assets amounting to $19,725 and current liabilities to $54,832. Current liabilities included accounts payable to $29,410 and taxes due of $20,964.

Profit and Loss Account Years Ended April 30

	1938 $	1937 $
Income	128,501	117,144
Less: Adm. & upkeep	70,038	66,024
Net oper. profit	58,463	51,120
Less: Depreciation	24,654	......
Mtge. interest	18,212	18,231
Int. on taxes	732	2,122
Directors' fees	1,281	......
Legal fees	5,510	......
Bad debts	1,200	1,200
Net income	6,873	29,567
Add: Prev. surplus	29,623	56
Less: 1937 deprec.	*12,383	......
1937 inc. int.	*17,184	......
Balance forward	6,929	29,623

*Charge against net income for year ended April 30, 1937.

New York Daily Papers Increase Circulation

From Our Own Correspondent

MONTREAL.—Additional cause for optimism on the outlook for Canadian newsprint manufacturers is seen in latest compilation of newspaper circulation in New York City. During the past year aggregate circulation of nine New York dailies increased 240,094, bringing the figure up to 9,795,979. This total does not include foreign language, financial or neighborhood papers.

The report was compiled from the returns of the New York Times, Herald Tribune, Sun, World Telegram, Journal American, Post, News, Mirror and Brooklyn Eagle. The Times, Herald Tribune, World Telegram, Daily News, Sunday News and Daily Mirror accounted for an increase of 333,479 circulation during the year.

Western Oils . . . .
We provide information and execute orders for western Canadian oil stocks.
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AIRD, MACLEOD & COMPANY
BONDS AND INVESTMENT SECURITIES
MEMBERS TORONTO STOCK EXCHANGE
ROYAL BANK BUILDING — TORONTO — ADELAIDE 9481

Municipal Finances

St. Catharines, Ont.—Per capita assessment in St. Catharines is $854 compared with an average per capita assessment of 27 other Ontario cities amounting to $1,134, while the per capita tax levy in St. Catharines is $41.98, and for 27 Ontario cities the taxation levy is $47.22. This statement was made by S. K. Watt, finance commissioner in connection with $55,000 debenture issue sold recently.

* * *

Kamloops, B.C.—For the purpose of constructing a new city hall, the city of Kamloops proposes to issue $30,000 of 20-year 4% debentures, callable after December 31, 1943, on three months' notice. The necessary by-law has passed the committee stage and is awaiting approval of the B. C. Inspector of Municipalities. If necessary approval is obtained, the by-law will be placed before ratepayers.

* * *

London, Ont.—After payment of August municipal relief bills, the city will have approximately $7,073 left as its annual appropriation for the remaining four months of the year. Approximately $50,000 is required if conditions remain constant.

Raven River to Raise Mill Size

An increase in mill capacity from 70 to 100-125 tons daily is planned by Raven River Gold Mines and orders have already been let for a larger crusher.

Increased tonnage is expected to lower costs and allow treatment of lower grade ore. While the present broken supply of ore is low there is considerable tonnage stated to be indicated in bodies partly developed, most important of which is the 304 on the third level which grades $5 to $6 per ton. This ore body can be mined cheaply due to good widths.

Production of $16,167 in September from 2,000 tons of ore was lower than in August due to a break-down in the crusher. Average recovery for the month was $8.08 per ton. In August, $18,097 was produced from 2,107 tons of ore, an average recovery of $8.59 per ton.

Kootenay Belle Drives New Adit

A new adit is to be commenced by Kootenay Belle Gold Mines to allow development of the Dixie claim at a depth of 600 ft. below the outcrop. The new tunnel will be at the mill level with the portal in close proximity to the mill.

The Dixie vein was disclosed on surface showing a length of 91 ft. averaging 0.4 oz. gold per ton across a width of 36 inches. An extension of the vein is stated to have been located on adjoining Gold Belt property at an elevation 400 ft. lower than the showing on the Dixie claim.

Production in September was higher than in August amounting to $63,600 from 3,850 tons of ore treated, an average recovery of $16.52 per ton. In August output was $54,000 from 4,625 tons of ore, an average of $11.68 per ton.

Your Happiest Investment

Business men who have built a "glass garden" are unanimous in saying that it has been their happiest investment.

Set like a crystal jewel in your gardens, a greenhouse brings a new zest for living to all the members of your family. It provides a hobby for those who like to grow flowers—to experiment with orchids and other exotic plants.

All winter long there will be cut flowers for your home — or to send to friends. And at the first sign of Spring, you will have sturdy plants for bedding out.

Yet—this need not be a costly investment. There are models of all sizes and types to suit your needs.

Please send today for our latest illustrated booklets, describing both greenhouses and conservatories.

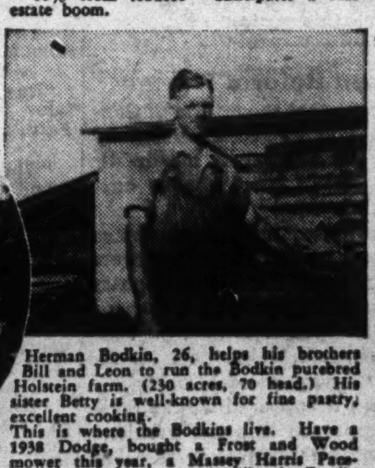
LORD & BURNHAM CO., LIMITED
TORONTO ST. CATHARINES
MONTREAL

FAMILY HERALD & WEEKLY STAR

Here's C. A. Diamond of Springfield, Family Herald reader, buying some Bauer and Black gauze, etc., in the White Drug Store, Aylmer, Ontario.

Jack Caughell of the White Drug Store, is on his way to the Royal Bank with the day's takings — 65% from farmers!

A. S. Galloway, Bank of Montreal manager, Aylmer, believes cash income around Aylmer will reach an all-time high at $2,000,000 — 60% from tobacco — anticipates a real estate boom.



Herman Bodkin, 26, helps his brothers Bill and Leon to run the Bodkin purebred Holstein farm. (230 acres, 70 head.) His sister Betty is well-known for fine pastry, excellent cooking.

This is where the Bodkins live. Have a 1938 Dodge, bought a Frost and Wood mower this year, a Massey Harris Pacemaker tractor last year. All like the Family Herald.

And
AYLMER'S
Oldest Drug Store

. . . known as the White Drug Store. Of every hundred customers, sixty-five are farmers, their wives and daughters.

Streaming into Aylmer, spend-minded (particularly on Saturday nights), hundreds and hundreds exercise their franchise as free buyers in a free country — *and choose what they want.* While this is going on, the burning question bothering every advertiser is this: "What are the farmers buying — and how can I attract them to *my* merchandise?"

Let the White Drug Store's Jack Caughell answer: "By advertising in papers like the Family Herald. Would all these wall displays be here if it wasn't for the advertising behind them? Would farmers ask for well-known brands if it were not for the advertising they have read? And most of them read it in the Family Herald!"

Now, listen to Miss Betty Bodkin (White Drug Store customer), a charming and bright young lady, who has read the Family Herald & Weekly Star for a number of years. Questioned about cosmetics, she says: "Certainly I use cosmetics, everybody does. The only difference between girls in the country and girls in the cities is that they dress up more often than we do. But when we *do* dress up, we look just as smart, if not more so!"

Miss Bodkin speaks for thousands of young women in rural Canada. Her statement points to the amazing opportunity awaiting cosmetic advertisers, for few of them have yet considered the possibilities of consistent advertising in the Family Herald market.

▼ ▼ ▼ ▼

Yet for 68 years the Family Herald has built active demand for implements, foods, furnishings, radios, hardware, motor cars, stock feeds — yes, everything farmers buy and use. It will do the same for advertisers selling *Personal Appearance.* And those who make an early bid for this increasing market will reap an *ever-yielding sales-harvest.*

Your advertising agency or a representative from the Family Herald & Weekly Star will gladly furnish authentic data relating to this "Personal Appearance" sales angle — in 300,000 top-income Family Herald homes.

FAMILY HERALD & WEEKLY STAR
MONTREAL
ESTABLISHED 1870
CANADA'S NATIONAL FARM MAGAZINE

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of All Canadian Financial Papers

Editor—Floyd S. Chalmers
Business Manager—D. M. Gowdy

The Financial Post Business Year Book and Market Survey, Yearly, $2.

The Financial Post Survey of Corporate Securities, Yearly, $2.

The Financial Post Survey of Mines, Yearly, $2.

Directory of Canadian Directors and Officials, $10.

The Financial Post Survey of Canadian Oils, Yearly, $1.

The Financial Post Corporation Service, $20 monthly. Special prices for individually selected investor's service.

Published by
THE MACLEAN PUBLISHING CO., LIMITED
481 University Avenue, Toronto 2,

Founder and Chairman—John Bayne Maclean
President—Horace T. Hunter

Vice-President and General Manager—
H. Victor Tyrrell

ADVERTISING RATES
Single insertion—$4.20 per inch.
Contract rates upon request.

SUBSCRIPTION PRICE
Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

TORONTO, OCTOBER 15, 1938

The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public obligations.

The Fallacy of Wheat Cartels

UNDOUBTEDLY strong pressure is being brought to bear on the Dominion Government to line up with other major wheat exporters in some acreage curtailment scheme. This pressure should be firmly resisted.

Canada has everything to lose and nothing to gain by any foolish co-operation of this sort.

Our wheat, as Major H. G. L. Strange, of the Searle Grain Co., pointed out in a radio address the other day, is admittedly the highest quality grain in the world. Why should Canada, he asks, agree to withdraw from world markets so as to give the right of way to other countries that produce an inferior quality?

The whole plan smacks of a "heads you win, tails I lose" proposition.

Even in this year of apparent surplus production there is no oversupply of Canadian No. 1 Hard, which millers the world over find essential for blending with weaker and softer wheats.

Moreover, in contrast to Australia, Argentina, United States and the wheat producers of Europe, Canada has as yet no other alternative to wheat production. So far it is the only major crop that a large section of the Prairie Provinces can produce. Economically, our railways, our extensive elevator system are dependent entirely on wheat. Our vital foreign export is almost equally dependent. It was not Canadian wheat production that brought prices tumbling in the last six months, but rather the efforts of other countries and especially in Europe and United States, to produce inferior wheat, regardless of cost.

Solution to the present problem lies in the restoration of normal world trade, not in futile attempts to limit a natural Canadian crop and of equally futile efforts to make world consumers pay an artificially high price for their daily bread.

Alberta's Oil Problem

FEW industries have ever had their facts so beclouded, their problems so jumbled as the Alberta oil business. Some of the blame must go to earnest spokesmen for the oil interests, some to too ardent or uninformed financial interests.

Much of the confusion results from failure to appreciate the simple economics of the oil business.

The tendency has been to think of oil-welling with all its color and drama, its boom towns, its overnight wealth, its gushers and its stock market. There has been this—perhaps too much of it—in Alberta in the past.

But today, fundamental problems of Alberta oil are more like those of wheat business—problems of producing and transporting to market a bulky product which must compete on world markets at variable prices.

Another important point is this: there is no present or immediate oil problem. The industry is presently concerned more about production than about distribution and markets. It is selling nearly as much oil as it can now produce. Until it can boost production substantially above present limits it has plenty of outlet for its product right at its prairie door.

Finally, there is the high promise of the Alberta oil business. Geologists are apparently agreed that conditions there look right for obtaining crude in many still untried fields. If and when Alberta has half a dozen "Turner Valleys," then, indeed, will Canada have another major industry.

Meanwhile, talk of a pipe line to lakehead or to the Pacific concerns the future, not the present. When Alberta proves that it has far more oil than the Prairie Provinces can consume, that it has enough oil to fill, say, a 6-in. pipe line stretching from Calgary to Fort William, and keep that line filled day after day, year after year, for enough years to pay off the cost of the pipe line and show a profit, then the marketing problem will become urgent. Once that point is reached, we predict it will not wait many weeks for settlement.

The outstanding need among investors and those directly interested in Alberta oils—especially in eastern Canada—is for a greater understanding and more intelligent grasp of the problem than has been shown heretofore.

Knowledge and understanding of its problems never hurt any industry. They will help, not hinder, a solution of the Alberta oil problem."

A Piece of Propaganda

"THE CASE FOR ALBERTA," prepared for the Rowell Commission but submitted to "The Sovereign People of Canada and Their Governments" does not stand very high as a scientific study. As a piece of propaganda, it gets higher ranking.

As one might expect, the Alberta Government did not stick to facts in presenting its case. Rather, it resorted to sweeping general statements unsupported by evidence.

An illustration of this is its chapter on private debt, which, of course, is an important part of the brief. Statements made in the brief of the Dominion Mortgage and Investments Association are attacked as misleading, but proof is lacking. The charge is repeated that one of the main reasons for difficulties of the farmer in Western Canada has been high interest rates. Yet, the Dominion Mortgage and Investments Association proved fairly conclusively that interest rates in Western Canada are not excessive. True, they are higher than in Ontario and Quebec, but the cost of doing business and the risk involved is greater. If nothing else, the experience of the past eight years justifies the charging of higher interest rates in the West.

The report of the Alberta Bondholders' Committee is attacked as showing the ignorance of creditors as to the true state of affairs in the province, but no attempt is made to show where the committee was wrong. As a scientific study of a particular aspect of the Alberta situation the Bondholders' Report surpasses "The Case for Alberta." It might also be pointed out that the Bank of Canada report concurred with the main conclusion of the Bondholders' Report.

The Alberta brief states:

> "In a few more years the province will have paid in interest rates an amount equal to its entire debt. The conclusion naturally is that interest rates on government borrowings in the past have been far too high."

This is not necessarily the natural conclusion. Such a situation may be the result of unsound fiscal policies by the Government in that it has not provided for debt retirement. Actually, the fact that total interest payments equal the debt outstanding at any particular time may have no significant meaning at all.

Another illustration of the nonsense which "The Sovereign People of Canada" are asked to believe is that:

> "The principal cause of unemployment in Alberta cities is the private and highly profitable control of currency and credit which has made impossible the inauguration of a scheme for low-cost homes."

Apparently Premier William Aberhart and his associates do not yet realize that the principal deterrent to building activity in Alberta at present is legislation which was passed by the Social Credit Government. It is impossible to secure mortgage funds in Alberta at present and it will be difficult for years to come. This is one of the penalties of the Social Credit experiment.

Private Management of Life Insurance

AGITATORS for greater government participation in the undertaking of life insurance risks received a very definite answer from G. D. Finlayson, Dominion superintendent of insurance recently.

Speaking at the annual convention of the Life Office Management Association, Mr. Finlayson said:

> "If the end in view is the insurance of the public on an adequate scale that end is more likely to be attained by the present system."

The policy of committing the business to private management, Mr. Finlayson stated, had resulted in giving private capital and private ownership a freer rein than in the countries of other continents—not excluding Great Britain itself.

This policy, he said, had been justified by the fact that the benefits accruing from efficient and forceful private management more than compensated for the disadvantage of smaller units of operation and a consequently higher rate of expense, than would be possible under government operation.

Mr. Finlayson warned that while there was little sentiment either in Canada or the United States for any change, any that might exist would be kept within narrow limits if the companies themselves are successful in grappling with the problem of expense ratios.

Greater attention to training the man in the field, the consequent increase in production per man and reduction in "lapsed" business are the vital factors that must be watched to achieve this goal.

Prison Reform

THOSE who argue that the reform of Canada's penal sytem as recommended by the Archambault Commission, is too drastic and far-reaching, should heed what is happening in England.

When the Canadian commissioners visited Great Britain a year or more ago they were amazed at the progress made in that country toward penal reform. They found that many of the principles and practices on which the British system operated, dated back to the far-sighted Gladstone report of 1895.

That report when it appeared was so revolutionary in its approach to penal problems that it took ten or twelve years to translate its recommendations into statute law. Subsequently the Canadian commissioners came back and attempted to revamp the Canadian system in line with principles laid down in this original Gladstone report.

But just as Canada is laboring with these relatively mild changes in her obsolete penal system, along come the British with another new and revolutionary Prison Reform Bill described by press commentators as "Britain's first definite plan for long-term penal reconstruction."

Controversial innovations include:

1. Abolition of the difference between imprisonment and penal servitude.
2. Permitting prisoners to work by day in ordinary jobs and return to their jail only at night.
3. Creation of an entirely new category of penalties knowns as "detention" as punishment for minor offenders.

These proposed changes are the result in large measure of the success of the "Wakefield" experiment which permits prisoners a certain amount of liberty. The plan also contemplates wide extension of the present probation sytem.

Canada has a long and difficult path to travel before it reaches the type of penal reform on which Britain is now embarking. What is imperative is that this country lose no time in implementing the reasonable and moderate reforms recommended in the Archbault report.

Muffing Exhibition Displays

THE Journal of the Royal Architectural Institute of Canada is the latest periodical to heap opprobrium on the Canadian displays at Paris and Glasgow.

In its most recent issue it reproduces a page of comment and illustration from the English Architectural Review in which Canada's National Parks exhibit at Glasgow is described as "the most inept piece of display in the whole exhibition." This British reference was discussed recently in these columns.

The Canadian Journal adds its own comment to that of its British contemporary:

> "The charge of 'ineptitude' has been made of Canada's displays at both Paris and Glasgow. Those who arrange our displays abroad seem not to realize that the 'cute' and the homely, which may (doubtfully) have a place in a country fair, have no place at all in competition with the great nations of the world. We are made to look ridiculous, and it was not for that purpose that we exhibited in either Paris or Glasgow.
>
> "Let us hope that the Government of Canada may see fit to give its architect some control over the inside as well as the outside of its building in New York."

Canada is spending a considerable amount of money on this type of publicity. Some of this is well spent, but invariably the display is spoiled by failure to understand and put into practice ordinary common-sense principles of modern showmanship. As a result, Canada is made to look ridiculous.

In his recent visit to Glasgow, Hon. W. D. Euler, Minister of Trade and Commerce, should have investigated these criticisms and taken steps to correct the offending displays.

It is bad enough to have Canada look ridiculous at Paris and Glasgow; bad enough to lose valuable opportunities to tell Canada's story in a modern, effective way. It would be a far more serious mistake to permit the same inexcusable errors to occur at the New York World's Fair.

Get Housing Started

ACCORDING to a recent U. S. study, every dollar spent in residential building creates one hour of work for labor.

And of every dollar so spent, almost 50 cents goes to purchase lumber, bricks, cement, steel, etc.

Indirect labor is said to benefit more than direct. The direct labor time employed for each dollar of expenditure is placed at 24 minutes; indirect labor gets 36 minutes of employment per dollar spent.

Assume the same relative figures hold true in Canada.

Then if residential building could be restored to the 1926-30 (normal) level, this would mean 50 million more hours of work for Canadian labor.

It would mean expenditure of a further $25 millions annually for lumber, bricks, cement, steel, etc.

This would be over and above what was spent in this way in Canada in 1937.

Of the 50 million additional working hours, 20 million hours would go directly to labor in the building trades; 30 million hours to indirect employment.

Editorials in Brief

An American Team has defeated an English couple at contract. Which brings the Wall Street Journal to the conclusion that London bridge is falling down.

• • •

The Labor Worm is beginning to turn. News comes from Washington that the work of federal departments and agencies is being hamstrung by a "slow-down strike" among C. I. O. organized employees. Routine work is behind as much as six months and a proper "sit-down" is threatened "if conditions do not improve."

It will be little more than poetic justice if Madame Perkins finds the internal as well as the external policies of her own Labor Department and the National Labor Relations Board dictated to by the very organization which under her encouragement has done so much to hamstring thousands and thousands of other business organizations throughout the United States and Canada.

Sayings of the Week . .

"The frontiers of broadcasting are more baffling and elusive than any others."—*Major Gladstone Murray.*

• • •

"Don't be too sure that such a thing as a dictator in Canada isn't possible."—*Hon. T. D. Pattullo.*

• • •

"When I went to the Bar we stuck to the facts—and then multiplied by three."—*Mr. Justice Langton, of England.*

• • •

"Unfortunately the Trade Union Congress is moving in a cart-rut made by its 69 predecessors."—*A. M. Wall, Secretary, T. U. C.*

• • •

"Something more durable than economic advantage is needed to form a permanent support for a Federal state."—*Hon. Norman Rogers.*

• • •

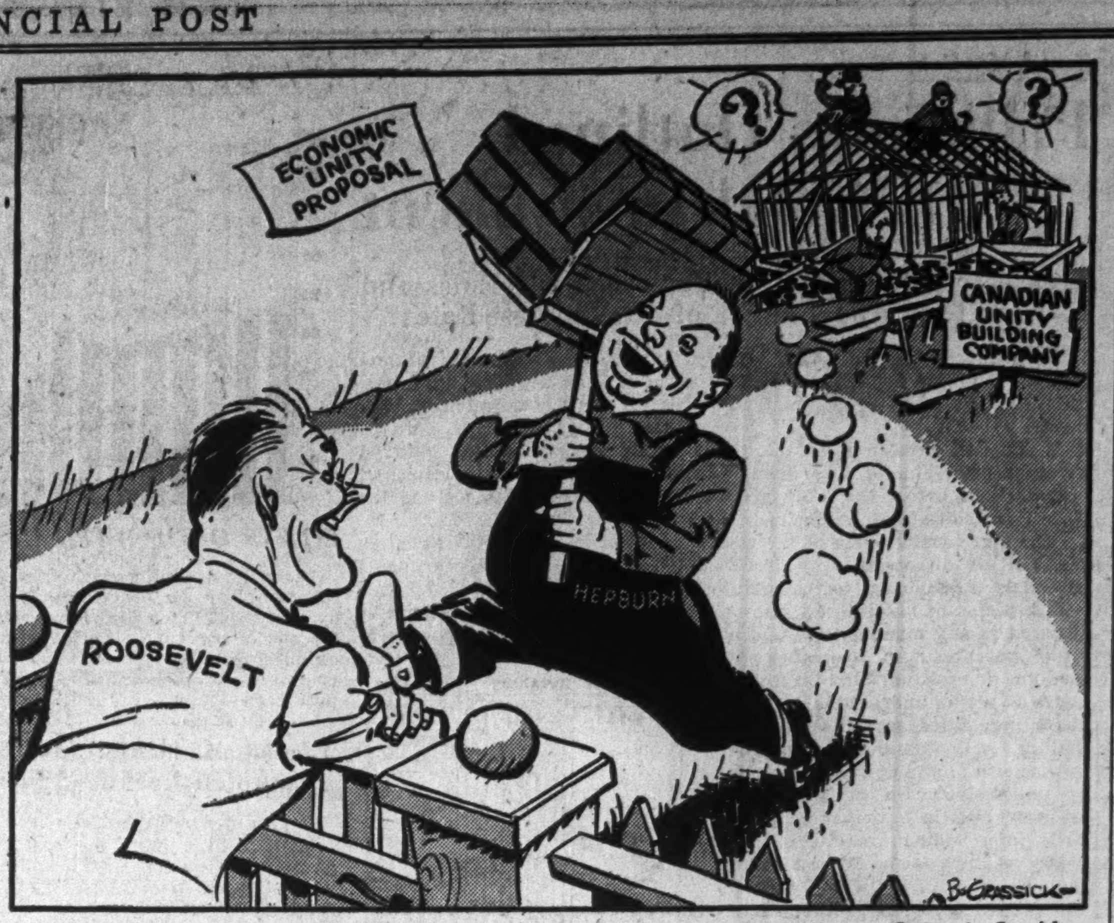
"To contend that America is finished, to say to youth: 'You were born too late; there is no more chance'—this is treason."—*Bruce Barton.*

• • •

"The agitator has loomed large in our midst, though fortunately at the moment his star is on the wane." — *C. L. Burton, president, Robert Simpson Co.*

• • •

"Let us not call this peace. This is peace without virtue; peace established on lawlessness—established by dictatorship—established on betrayal. Therefore, it is not peace but the initiation of a terrible world crisis." — *Dorothy Thompson.*



FINISH YOUR OWN JOB FIRST, MR. HEPBURN!

—Cartoon by Grassick.

Post-Scripts . . .

Executive Chairman

As a strong supporter of the Rowell Commission, it is not surprising the Canadian Chamber of Commerce selected as chairman of its executive committee for the ensuing year R. P. Jellett, general manager of the Royal Trust Co.

R. P. JELLETT

As a member of the C. of C. executive committee, Mr. Jellett has shown a keen interest in the work of the commission.

In the study undertaken by the Rowell Commission he sees an opportunity for Canada to solve its fundamental problems. He favors a strong central government and is confident that the people would vote overwhelmingly in favor of the country rather than the province if the matter had to be put to a test, no matter how strong their provincial leanings may appear to be.

"If and when the people realize their chief loyalty is to Canada and not to the province in which they live, the major step toward a solution of our problems will have been taken," says Mr. Jellett.

As chief executive of a business firm which operates in every part of the country he naturally takes a broad national view of things. He is what may be called a federalist. He feels the authority of the central government should be strengthened.

• • •

Mr. Jellett is best known to Canadians as general manager of the Royal Trust Co., one of the largest organizations of its kind in Canada. In fact, Mr. Jellett and the Royal Trust Co. grew up together.

When Robert Patterson Jellett joined the staff of the Royal Trust Co. 36 years ago, at the age of 21, the company was only in its infancy. It had been in business for only three years, its only office was in Montreal, its staff was small and its assets were not large. Today, it operates branch offices in every important city from the Atlantic to the Pacific, also offices in St. John's, Nfld., and in London, Eng. Its staff now numbers almost 1,000 and its total assets, including estates under administration, amount to $762 millions. Mr. Jellett has been general manager since 1928, but has been virtually in charge of the company's affairs since 1922.

• • •

The "standing by power of attorney" now extensively used by trust companies in Canada and the United States is the invention of Mr. Jellett. By "standing by power of attorney" is meant giving to a trust company the power of attorney to be utilized only in unusual circumstances. In most instances it is used to protect a person's interests in the case of accident or serious illness. In such instances the trust company invokes the power of attorney and carries on the person's business until they have recovered.

Mr. Jellett has taken an active interest in social welfare work. In 1935 was chairman of the Montreal Financial Federation of Charities. He is a member of the Board of Governors of the Montreal General Hospital and the Montreal Council of Social Agencies.

He is an outstanding layman of the Anglican Church. With his brother-in-law, Rev. D. T. Owen, Primate for all Canada, he was joint chairman of the Restoration Fund of the Church of England, which restored lost endowments of over $1 million. He has also been active in the affairs of Bishop's University, Lennoxville, Que., and Trinity College School, Port Hope.

His particular interest in the realm of sports is tennis and for years he umpired Davis Cup matches. He is a director and for nine years was president of the Mount Royal Tennis Club. He still plays the game although 57 years of age. He was also one of the founders and second president of the Montreal Badminton and Squash Club.

He is a past president of the Montreal Board of Trade, the Montreal Canadian Club and Dominion Mortgage and Investment Association.

• • •

Steel Saga

In Cleveland a few days ago, C. Clarke Wales, assistant general manager of the Algoma Steel Corporation was elected president of the Association of Iron and Steel Engineers. This was the first time this honor has come to Canada.

As a matter of fact Clarke Wales's reputation as an iron and steel man is better known in the United States than in Canada. Born in the steel town of Sharon, Pennsylvania, his parents brought him to Toronto as a youngster in 1913.

Schoolmates called him a "Yank" because his family insisted on flying an American flag much to the disgust of most people in the neighborhood.

• • •

School days in Canada were not happy ones for this dark, thick-set lad. His mind was on airplane models which he built and planned with infinite care and ingenuity. Those were the days when a lot of boyish sweat and effort was needed for this particular hobby. It wasn't possible to go into stores and pick up materials ready-made. Each boy had to pioneer with his own wood, metals and other raw materials. Clarke may not have been much of a scholar (he usually stood at the bottom of the class) but he was an expert at airplane building and took many a prize at the Canadian National Exhibition and elsewhere.

Then, one day, the late John Brennan, Principal of Queen Victoria public school called Clarke into his office. He asked him what he did with his spare time. Clarke sat for 15 minutes; poured out an enthusiastic tale of his airplanes and other similar hobbies. Mr. Brennan was fascinated. But when it was through he said to Clarke: "Why don't you put some of this energy into your studies?"

CLARKE WALES

Clarke brushed the question aside. He had decided to quit school anyway at the end of the year. To him it was just so much putting in time.

• • •

But Mr. Brennan was not quite through. He challenged Clarke that it was about time he showed the other boys in the school that he really could get high marks if he wanted to; that he wasn't the "dumbbell" that most of his fellow pupils thought he was. Wisely, Mr. Brennan didn't ask for an answer. He left the challenge with Clarke; told him to come back only if he was still determined to quit.

Clarke Wales took the challenge. He galloped through school; caught up a lost year in high school by jumping from second to fourth year in one leap. Once started, he kept on going through the mechanical engineering course of the University of Toronto. On graduation he joined the Westinghouse Company at East Pittsburgh, Pa.

By that time Clarke was firmly set in his determination to become expert in the business for which the town of his birthplace was famous—steel. In 1925 he joined the Otis Steel Company, of Cleveland, later becoming assistant metallurgist and then superintendent of the open hearth, 40 inch blooming mill and bar mills. For the next seven years he served as chief engineer of this company directing and planning the construction of the 77-inch hot and cold strip mills.

• • •

One day about a year ago he got a wire from Sir James Dunn asking if he would come to Toronto. The English financier and the U. S. born steelman spent a day together. They quickly developed mutual respect and admiration for each other. Within a short time Clarke Wales was offered the position of assistant general manager at the Sault.

One big attraction in his new job is the sense of challenge it carries with it. In fact the presence of Clarke Wales at Algoma Steel is the best answer to the sceptics who are inclined to question the future prospects of Canada's huge inland steel property.

Ever since Johnny Brennan talked to him at Queen Victoria some 25 years ago, Clarke Wales has been on his mettle to do things the other fellow says can't be done. That's why he's up at Algoma now.

Your Labor Policy . . .

Extracts from address by Prof. J. C. Cameron, head, Industrial Relations Section, Queen's University, to Chamber of Commerce annual meeting, Seigniory Club, P.Q.

The value of any labor policy will depend largely on the extent to which it is worked out in co-operation with the employees.

Paternalism must be avoided. Patronage and supervision, more or less well meant, but with domination by the employer and a consciousness of that domination among the men is fatal. Moreover, paternalism is bad for the men.

The danger is that patronage makes a man an animated tool. Give him some sense of responsibility and control in the matter of working conditions. The more discussion and consultation with the employees, the more attention there is paid to their views, the easier it will be to put a fairly complicated proposition before them.

Suppose you come to a difficult period when the factory has to cut down (when work has to be shared and rates reduced). If you have a working system and if the employees are confident that their wishes have been taken into consideration in the past (that the employer has played the game), it is unlikely that you will have any difficulty in convincing them that their interests are being protected.

In the second place, labor policy ought to be written out in clear terms and made known to every employee and to every supervisor and to the community at large.

The employer ought to make definite provision that his published policy is carried out, and carried out in such a way that every supervisor will feel that his responsibility is increased rather than destroyed, and that he has a responsible part in helping the company live up to the policy that has been adopted. The very best planned labor policy may be nullified by the passive resistance of subordinate officials.

Labor policies are not picked up ready to use out of books, at universities, or at conventions. The particular policy that will suit your plant must be hammered out by thinking through the implications of various plans and proposals and by intelligent experiment.

I am not concerned about the particular plan or plans you adopt. I am more concerned about the spirit in which your plans are carried out. Not that the method, the machinery, the details of organization are immaterial. They need to be planned with care and judgment, adapted to the characteristics of different kinds of industry, modified in the light of experience. They must take account of the prejudices, prepossessions, disappointments, suspicions, which have been aroused by the experience of the past.

The essential thing is how employers and employees feel about it, and what is the spirit underlying it all.

Here the responsibility lies most of all with the employers. They are the leaders, and must accept their obligations for industrial peace no less than for industrial progress. It is the sincerity, the genuineness, of their attitude which is crucial.

The sincerity of the workers will be dependent on the sincerity of the employers. Machinery counts not a little; but the essential thing is a real desire for betterment, a disposition to meet the men half way, tolerance and forbearance with men whose lives are dominated by cares and fears quite unlike those of the employing class, pervading and unquestioned goodwill.

In the Mail . .

Times vs. The Post

Editor, The Financial Post:

Permit me to reply to the letter from F. H. Bell, which appeared in your issue of October 8, 1938. This expresses an attitude that is all too prevalent among educators, clergy and cultured people toward modern "journalism."

If Mr. Bell will make a simple test I think he will see the improvement in readability of the short unit—in sentence or paragraph—over the solid style of English prose.

On the way to the office by street car in the morning take along a journal like The Sunday Times and The Financial Post. Amidst the distractions of such a situation, count the number of paragraphs you can read and understand in The Times; then do the same thing for The Post.

Careful tests have been made of the duration and nature of attention in reading. These tests have shown that attention comes in waves of two or three seconds duration. Some new interest element must be introduced every two or three seconds to stimulate attention, and one's ideas have to be broken up into easily-grasped units to facilitate reading.

Motor buses, cars, trains, airplanes have become streamlined. Why not the printed word too?

R. U. MAHAFFY,
Toronto, Ont.

The Bren Gun Enquiry

New Light on Bren Gun Contract
Ottawa Citizen

A week ago Mr. Justice Davis expressed some impatience at the progress of the enquiry into the circumstances relating to the government contract, placed by the Department of National Defence with James E. Hahn for the manufacture of Bren machine guns in Canada. The commissioner suggested that the tendency in the testimony so far seemed to be to place the cart before the horse.

Last Wednesday the deputy minister of national defence, Major General L. R. Lafleche, came to the point. He divulged the information that the minister of national defence, Ian Mackenzie, gave Hahn a personal letter of introduction to Vincent Massey, Canadian high commissioner in London. At the same time the deputy minister wrote to the Department of External Affairs asking "to have Mr. Massey make arrangements with the United Kingdom Government for Major Hahn to be given such information and facilities the British Government might see its way clear to furnish."

Without being a complete disclosure of the origin of Hahn's privileged access to the confidential activities of the Department of National Defence, the deputy minister's testimony does explain much. This disclosure could better have been made by the department several weeks ago. It would have saved some departmental officials from stultifying themselves by conveying the impression the the War Office would do business only with a private armament contractor in Canada.

No one more competent could have been appointed than Mr. Justice Davis to preside over the enquiry.

At the same time the Government appointed Hon. J. L. Ralston, one of the ablest lawyers in Canada and former minister of national defence, as counsel to assist the commission. Interested parties in the case are also ably represented by counsel. It may be desirable to point out again, however, that Mr. Ralston's presence at the enquiry is to assist to bring out the evidence. It is no service to Prime Minister Mackenzie King to make it appear that the Government, or anyone representing the Government, is endeavoring to serve in any other capacity than fearlessly to bring out the facts. They are being brought out in any case.

The Bren Gun Enquiry
Ottawa Journal

The Journal agrees entirely with its contemporary, the Ottawa Citizen, that in the presentation of evidence in the Bren gun enquiry the "cart has been placed before the horse," with the consequence that the public has been confused, if it has not been misled. To hold, as Mr. J. L. Ralston, Government counsel, held last week, that comment upon such procedure should be denied the press, is to hold nonsense.

Thus far this enquiry has been little more than a paradise for lawyers. Days have been spent on the presentation and endless repetition of evidence that was irrelevant by witnesses that were unimportant. Junior officers of the Defence Department have been called to tell the Commission about the technical details of the Bren gun; so much so that the public might almost conclude that this enquiry was into the efficiency of the gun, instead of into a contract for the gun's manufacture. The principals really responsible for this Bren gun contract, the people the public must hold to account, have not been called at all.

This Royal Commission was appointed to discover—

1. Is this Bren gun contract a good contract, from the standpoint of the national treasury and the national interest, calculated to provide a weapon of national armament at a reasonable, non-profiteering cost in the quickest possible time?
2. Was it necessary, with these just objectives in view, to place this contract without tenders with the John Inglis Company?
3. Did the British War Office make the placing of an order for Bren guns in Canada conditional upon the Canadian Government dealing with Major Hahn of the John Inglis Company, and, if so, why?
4. Were the financial operations of the John Inglis Company, subsequent to its receiving the Bren gun contract, in line with good public policy, and in line with the policy laid down by the Government in connection with contracts for national armament?
5. Did the Minister of National Defence, Mr. Ian Mackenzie, present the facts of this Bren gun contract to the House of Commons accurately and completely, and if not, why not?

These are the questions to be answered. That the answering of them should necessitate what has been taking place before the Commission of enquiry during the past two weeks just doesn't make common sense. Why hasn't Defence Minister Mackenzie been called? Why hasn't Major Hahn been called? Why, instead, a lot of officials whose evidence was obviously unimportant?

There has been the usual legal fetish of secrecy, most of it nonsense. Reading some of the things said, one might get the impression that Germany had never heard of the Bren gun, that its manufacture was some deep, dark secret. Actually, we venture to think, Germany's war lords know more about the Bren gun than anybody who has talked or told about it before this Commission.

Prime Minister King was given public praise, and rightly, when he called for this judicial enquiry. He got the best man possible to conduct it. He would get additional public praise, The Journal thinks, if he would serve notice on the counsel he secured to assist the Commission that it had better get on with its job—which is to bring out the essential facts. Mr. Justice Davis himself has had to protest repeatedly against evidence that has no relation to the essential facts.

Stop Me If . .

Bobby: "What's an expert, Daddy?"

Daddy: "He's a fellow who gets a big salary for telling other people how to do things he can't do himself."

Week in Business

Fall Buying Cautious After Recent Scare

No Boom Yet But Plans Shelved During European Crisis Now Being Reconsidered — U. S. Recovery Forging Ahead

Canadian business confidence is returning but it may be a few weeks yet before there will be concrete evidence in the form of rising sales charts. The war scare in Europe was too serious a disturbance to be discarded in a matter of days. When buying or building decisions are shelved, as they were in big volume two weeks ago, it takes time to get them out again.

Some deals that were hanging fire, previous to the international crisis, have since been put through, The Financial Post hears, but as yet big new buying has not got under way. Dealers are confident, however, that this new buying will develop within the present month.

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Two major favorable factors are the recent strong action of security markets and accelerating comeback of United States business. Bargain hunters who went into the market two weeks ago have now got substantial profits credited to their accounts, profits that eventually should find their way into purchases

Those people who were in the market earlier and saw profits change to quick losses are now, for the most part, back where they started. If they were prospects for new purchases a month ago, they are prospects again today and in that respect at least no ground has been lost.

American recovery since last June and more particularly in the last month has been of almost spectacular character. Steel output has jumped from the lower thirties to 50% of normal capacity. Engineering and residential construction have both risen sharply. Electric power output and carloadings are up substantially, the former running well ahead of the average for 1933-37. Business Week's index of American business has risen from a shade over 70 last June to well over the 90 mark last week.

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While most Canadian exports have shrunk seriously in the last six months, two robust lines have ignored the prevailing trend. For the 12 months ended August, copper exports were $53 millions, up more than 6% over the same period a year ago. Nickel at $54 millions was unchanged.

Total base metal exports of Canada now running around $150 millions rank among the leaders of Canada's foreign trade.

Business Indicators

Carloadings reaching peak for season but still slightly below year ago. Grain movement ahead of 1937, but this gain offset by decreases in other classes of freight.

Construction—Latest production figures of building materials confirm slower tempo of building this year.

Agriculture—Flour production now running ahead of year ago. Cattle and hog sales sharply down, largely because of last year's drought—dictated liquidation.

Cotton imports in August up substantially but total for year to date still down from 1937.

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus▲.

	Oct. 1	Sept. 24	Sept. 17	Sept. 10	Oct. 2/37
Weekly index, D.B.S.	106.3	108.3	109.3	110.4	110.6
Commodity prices	74.5	74.4	74.5	74.0	85.2
	Aug.	July	June	May	Year Ago
Financial Post index	109.1	109.0	109.6	109.6	123.8
Retail trade index no. of sales	....	69.6	81.4	80.3	74.2
Dept. store sales "	74.9	75.3	74.4	73.4	80.3
Wholesale index no. of sales	98.2	90.0	100.1	95.5	98.2
Country sales (% of gains)	.1	*4.2	1.6	*2.2	13.7
Employment D.B.S. Index—	Sept. 1	Aug. 1	July 1	June 1	Year Ago
All industries	115.5	112.1	113.5	111.9	123.2
Manufacturing	114.4	110.0	111.8	112.3	121.2
Wage earners, No. (000)▪	....	....	2,308	2,338	2,470
Living costs♦	....	$17.90	$17.45	$17.43	$17.20
				Jan. 1 to date	
Railways—	1938	1937	1938	1937	
Carloadings, week (Oct. 1)	▲61,925	62,330	1,784,584	1,949,387	
C.N.R. gr. earn., wk. (Sept. 30)	$ 5,994,954	$ 5,877,384	$ 130,337,435	$ 146,075,299	
C.P.R. gr. earn., wk. (Sept. 30)	$ 5,395,000	$ 4,773,000	$ 100,345,000	$ 105,101,000	
C.P.R. net revenue (August)	$ 491,021	$ 576,613	$ 3,679,387	$ 9,932,228	
C.N.R. net revenue (August)	$ 660,248	$ 558,530	$ •5,116,693	$ 8,185,377	
Iron and Steel (August)—					
Pig iron production (tons)	▲49,477	74,578	504,873	578,258	
Steel ingots and castings prod. (tons)	82,781	126,695	837,449	962,840	
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (August)	4,591	6,344	71,820	92,465	
Factory output (August)	3,063	5,814	84,438	115,884	
Trucks and Buses:					
Domestic sales* (August)	2,613	2,730	20,265	23,533	
Factory output (August)	3,389	4,928	33,179	41,364	
Exports (August)	3,912	8,802	43,632	51,416	
Financing (August)—					
Used	$ ▲3,188,821	$ 3,179,395	$ 26,335,209	$ 26,325,602	
New	$ 2,484,386	$ 3,187,305	$ 25,231,862	$ 31,281,438	
Construction—					
Cons. contracts (September)	$ 19,534,900	$ 21,715,000	$ 143,461,700	$ 178,406,900	
Cement, bbls. (July)	▲644,000	836,869	2,811,885	2,936,588	
Clay (July)	$ ▲468,608	$ 542,545	$ 2,032,696	$ 2,247,378	
Gypsum, tons (July)	137,554	125,674	474,748	503,090	
Agriculture—					
Flour prod., bbls. (August)	▲1,103,037	1,042,949	7,542,888	8,191,607	
Flour exp., (Aug.)	286,270	288,608	2,220,566	2,700,279	
Wheat exp., bus. (Aug.)	6,266,055	6,544,967	39,298,031	58,871,691	
Cattle sales (August)	▲75,041	125,781	463,017	590,314	
Hog sales (August)	▲41,936	73,754	451,799	670,841	
Sea Fisheries (August)‡—					
Catch, cwts.	▲1,503,750	1,534,420	5,571,330	5,663,543	
Landed value	3,378,445	3,200,660	12,017,662	12,579,648	
Newsprint (tons)—					
Production (August)	220,303	319,876	1,682,720	2,423,830	
Exports (August)	219,610	283,128	1,523,732	2,219,814	
Mining and Oils—					
Coal prod., tons (August)	992,868	1,241,948	8,714,787	9,425,507	
Coal imports, tons (August)	1,463,919	1,776,998	7,930,154	9,918,926	
Gold prod., fine oz. (July)	420,778	347,716	2,638,946	2,323,704	
Nickel prod., lb. (July)	17,404,131	15,795,714	126,399,272	127,279,412	
Copper prod., lb. (July)	49,607,247	41,750,471	341,656,164	285,484,655	
Crude pet. prod., bbls. (July)	693,332	244,931	3,612,757	1,307,544	
Crude pet. imp. bbls. (August)	3,776,000	4,508,000	21,294,032	23,578,663	
Electric Power Output (August)—					
Total monthly m.k.w.†	2,671,901	2,197,725	16,774,714	18,141,912	
Trade—					
Imports (August)	$ 57,026,268	$ 69,965,939	$ 449,541,032	$ 522,777,568	
Exports (August)	$ 36,537,952	$ 103,338,590	$ 580,937,398	$ 739,755,961	
Other Industrial Factors—					
Dressed lumber, exp.:					
M. bd. ft. (August)	147,205	170,017	1,069,207	1,203,893	
Boot & shoe prod., pr. (Aug.)	▲2,178,202	2,321,489	14,751,827	16,860,233	
Cotton, raw, imports, lb. (Aug.)	▲8,265,000	5,197,000	79,959,000	97,592,000	
Raw rubber imp., lb. (August)	4,104,774	7,852,589	35,465,940	45,599,278	
Cigarette cons. (Aug.) No.†	668,798	663,989	4,539,360	4,374,163	
Sugar manufactured, lb.§	96,270,679	91,122,789	567,116,974	526,274,941	
Finance—					
Bank debits (August)	$ 2,371,129	$ 2,612,858	$ 19,422,568	$ 23,519,603	
Bond sales (August)	$ 51,358,000	$ 51,113,800	$ 775,662,361	$ 880,211,365	
Life insurance (August)	$ 27,996,000	$ 28,411,000	$ 248,171,000	$ 253,567,000	

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Sept. 10, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
♦For average family per week, food, fuel, rent. •Deficit. *Decrease.
▪Estimated in employment.

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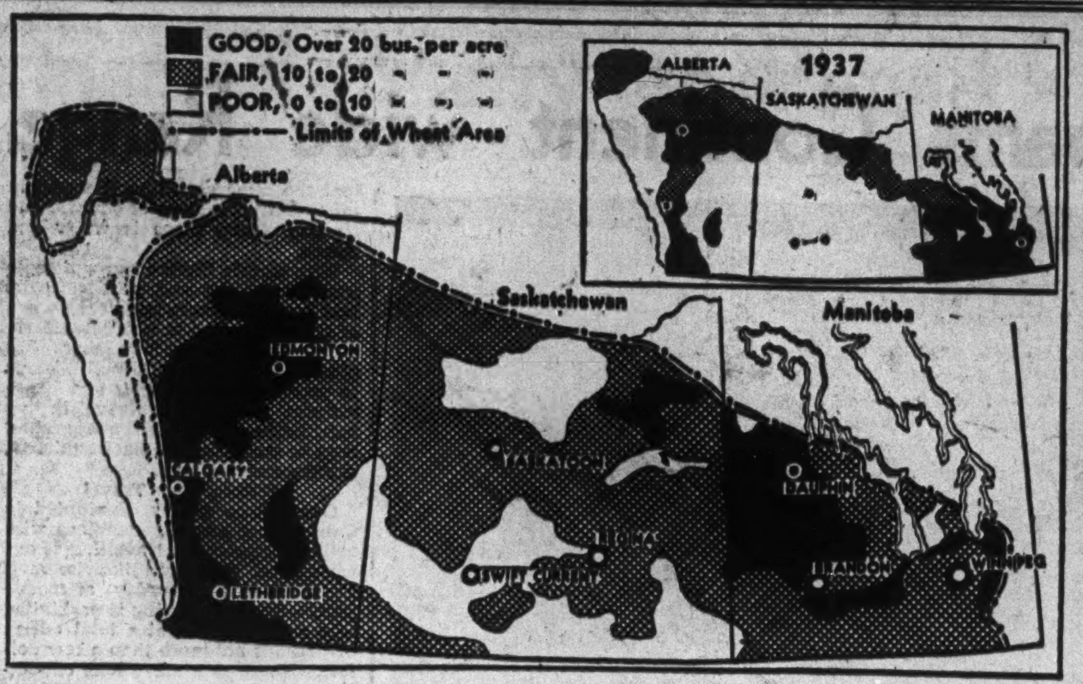

LOCATION OF NEW MONEY

Shaded areas, showing where the best wheat crops have been harvested in western Canada this year, are the ones where new purchasing power is developing. While sections yielding over 20 bushels to the acre (solid black) will naturally produce the most active business, at the same time there should be vast improvement in that much larger area which harvested fair returns. The small insert map shows the striking contrast with a year ago when the great central area of the West reported almost complete failure. Map is based on Sanford Evans statistics.

Background of Business

New Ford Line

Ford Motor Co. of Canada will enter the medium price field this fall with a new car to be known as the Mercury 8. This will be priced somewhere between the Deluxe Ford V-8 and the V-12 Lincoln Zephyr. The wheelbase will be 116 inches and engine will be of the V-8 design, but more powerful than in the present Ford.

The new car will have hydraulic brakes and several other advanced mechanical features, an official announcement from Windsor states. Lines will follow the styling pioneered three years ago by Lincoln Zephyr.

Addition of the Mercury will give Ford Co. a complete line of cars from the standard Ford V-8 in the low-priced brackets to the high-priced Lincoln line.

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Paint's Big Share

Of the $40 millions that has been spent on housing and home improvements as a result of special encouragement by the Dominion Government, Canadian Paint and Varnish Magazine estimates that nearly $3 millions has been expended on painting alone. In practically every type of alteration or new installation, painting is used to complete the job. In some cases practically 75% of the improvement consists of decorating of this kind with the bulk of the money spent for painting materials and labor.

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B. C. Output Falls

From Our Own Correspondent

VANCOUVER.—Unsettlement in world markets will probably account for a material decline in the value of British Columbia's industrial production during the present year.

Last year, the four chief industries—lumber, mines, fish and agriculture—yielded a total of more than $221.5 millions; but this year it is doubtful whether the total will be much more than $200 millions.

Pulp and paper, which reached a peak figure of $17.2 millions last year, will show severe contraction this year owing to collapse of the Oriental markets and declining consumption in the United States.

Overseas lumber shipments have been well maintained up till now, but a sharp drop is expected during the last three months of the year. Prices are lowest since 1935, the British market is hesitant and so far prairie sales have proved disappointing.

Despite continued advance in gold production, mining as a whole is likely to be down about $10 millions due to depressed metal markets such as copper, lead and zinc.

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Wagon Hubs

What Canada Lumberman describes as the only industry of its kind in Canada has recently resumed activity at Sprucedale, a little village in the Parry Sound District. This is the manufacture of wagon hubs. Once a sideline of the Deans lumbering business in Huron County back in the 60's it later became the chief activity and the plant was moved to its present location.

Three complete sets of Defiance Automatic Hub Making Machines are used with a capacity of about a thousand finished hubs per day. These are made out of round birch logs from nine to 12 inches in diamet, cut into lengths, taper bored, turned, mortised and reamed ready for the painting. The business is reported as having flourished up to 1927, when wider use of motor trucks brought operations to a standstill. Previous to that time the factory used to operate for about nine months a year. Stocks on hand were sufficient to supply demand which is spread over both Canada and the United States, for the next few years. Recently, however, operations have been resumed and the company, now M. & M. A. Deans Ltd., expects to have a three-months run. The better western wheat crop this year has been a factor.

Foreign Business

United States Department of Commerce summarizes foreign trade as follows:

Ecuador—Commercial activity declined somewhat in September owing to continuance of import control, credit restriction, and reduced coffee prices.

Costa Rica—Sluggishness of general trade and the lack of stimulation in most of the agricultural outlook keeping business sentiment depressed.

Honduras — September national holiday festivities failed to appreciably stimulate business, and despite slight gains in some north shore areas pessimism continues.

Cuba—Further minor declines occurred in Cuban business in September, notwithstanding an upward trend in sugar prices, owing to European crisis.

Dominican Republic — Exceptionally favorable weather conditions give promise of high quality and satisfactory output for growing crops, though some unfavorable features exist in marketing outlook.

Jamaica — Weather remains good for growing crops and wholesale and retail sales reflected the satisfactory outlook in September.

Panama—Tourist business showing no improvement, but retail turnover up about 5%.

British Malaya—Slight improvement has occurred in recent weeks and clarification of the European situation is expected to be followed by further gains.

Netherlands Indies — Reasonably satisfactory conditions have continued since July, but unsteadiness in foreign commodity markets is delaying further improvement.

Germany—Activities in connection with fortification and military manoeuvres emphasized the labor shortage, taxed transportation facilities, and strained financial resources.

C. N. R. Postpones Cut In Railway Tie Price

From Our Own Correspondent

MONTREAL.—As a result of representations made by the Ontario, Quebec, New Brunswick and Nova Scotia governments, the Canadian National Railways has agreed to suspend for the time being a proposed reduction in the price of railway ties.

Representatives of the four provinces met in conference here not only to discuss the proposed cut in the price of railway ties, but also to formulate co-operative measures in regard to the exploitation of forest resources. The provinces feel that they have not received sufficient revenue from such resources and that if agreement could be reached by the four on stumpage rates to be collected, revenue might be increased without disturbing the industry.

Tamblyn Sales and Profits Reduced for Third Quarter

Sales of G. Tamblyn, Ltd., have fallen off considerably during the three months' period ended Sept. 30, 1938, W. E. Corlett, president, states in a letter to shareholders. Mr. Corlett says that this condition is general in the drugstore field, and reduced profits must be expected.

However, steps have been taken to correct the ratio of profits to sales, so that the final quarter of the year should show improvement, unless business conditions get much worse. Working capital is described as ample.

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Montreal Tram Traffic Falls Off

From Our Own Correspondent

MONTREAL. — Revenue passengers carried by the Montreal Tramways Co. for the third quarter of 1938 show a reduction from a year ago.

At the end of the nine months period passenger traffic showed a gain of .8 of 1%, compared with a gain of 1.68% shown at the end of the half year and a gain of 5.31% at the close of the first quarter.

The combination of a lower level of general business and less favorable weather conditions, is given by the Montreal Tramways Commission as the reason for the fall in the volume of traffic.

Humberstone's Profit is Down

Net of $27,273 Lowest in Present Company's History

Earnings of Humberstone Shoe Co. for the year ended July 31, 1938, fell to the lowest point in the company's history, due to labor trouble and increased labor costs. For the first time the company failed to earn its regular dividend of $2 a share. The payment was made, however, because the directors deemed the financial position of the company warranted it.

Net profit for the 1938 fiscal year amounted to $27,273, as compared with $50,405 for the year ended July 31, 1937. After deduction of $40,000 dividends a deficit of $12,727 was shown in 1938, against a surplus of $10,405 in 1937.

Earnings on the 20,000 no par value common shares outstanding were $1.36 in 1938, and $2.52 in 1937.

Inventories at July 31, 1938, were valued at $384,836, a reduction from $574,984 shown at July 31, 1937.

Income and Surplus Account
Years Ended July 31

	1938 $	1937 $
Net earnings	55,897	77,737
Less: Depreciation	10,486	10,349
Bank interest	10,253	4,430
Life ins. prems.	920	1,476
Income tax	6,965	11,077
Net profit	27,273	50,405
Less: Com. divds.	40,000	40,000
Surplus for year	*12,727	10,405
Add: Previous surplus	270,789	260,384
Less: Trans. to cap. surp.	49,912	......
Surplus forward	208,150	270,789
*Loss or deficit.		
Working Capital		
Current assets	536,966	736,334
Current liabilities	97,255	291,942
Working capital	439,711	444,392

Gas and Oil Price Level Challenged

B. C. Controversy May Bring Legislative Action

From Our Own Correspondent

VANCOUVER. — Announcement of Premier T. D. Pattullo at the Liberal convention a few weeks ago that gasoline prices would be reduced in British Columbia was generally accepted as presaging legislation at the next session of the Legislature, beginning late this month, to strengthen the government's control over the oil companies.

Nine of the principal oil and gasoline distributing companies in the province have organized Petroleum Industries, Ltd., with a view to presenting their case to the public, and a lively controversy may result.

The present situation is largely the result of the Macdonald commission's report on fuel, the general tenor of which being that consumers were overcharged for gasoline and coal. This finding has been vigorously challenged by the oil and coal companies which point out that prices in British Columbia not only compare favorably with those charged elsewhere, but that very little margin of profit is left by the prevailing schedules.

Fanny Farmer Building Studio

Company Expects Very Much Better Conditions for Remainder of Year

Fanny Farmer Candy Shops, Inc., has announced that a new studio will be erected at Rochester, N.Y. The building will be of the latest construction and include a number of new conveniences.

Officials of the company state that very much better conditions are expected for business for the remainder of the year, and it is expected that Fanny Farmer will share fully in the betterment.

Publication of monthly sales and profits figures was stopped a short while ago, so that the last figures available are those for the six months period ended June 30. Profits during that time decreased 1.6%, although sales of $3.2 millions were up 4.7%. An extra dividend of 25 cents was paid on Oct. 1.

Cotton Trade Reports More Activity in August

From Our Own Correspondent

MONTREAL.—Activity in the cotton industry in Canada showed a moderate improvement during August, according to figures just released. The index of cotton consumption was still well above the general of a year ago, and advanced materially above the level of the previous month when a sharp setback was recorded, showing the first advance in four months.

No definite trend has been established in the year so far, operations remaining substantially down from a year ago. There has been little tendency to book orders in advance, buyers preferring to pursue a policy of filling only immediate needs.

Raw cotton consumption in August amounted to 17,363 bales of 500 pounds each, as compared with 15,226 bales in July and 18,057 bales in June. The index of consumption included 107.5 in August against 93.19 in July, while the index in June was 104.8.

New Quebec Issue

MONTREAL.—Quebec's civic administration committee has authorized the City Treasurer, C. R. Fontaine, to launch a bond of $200,000 to cover cost of Quebec's new municipal incinerator.

Changing Conditions

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Montreal Stock Dealings Rose in Value Last Month

From Our Own Correspondent

MONTREAL.—Value of transactions on the Montreal Stock Exchange and the Montreal Curb Market during September totalled $28,856,549. This was an improvement of $5,534,631 over the corresponding August figure, and compares with $44,974,670 in September, 1937.

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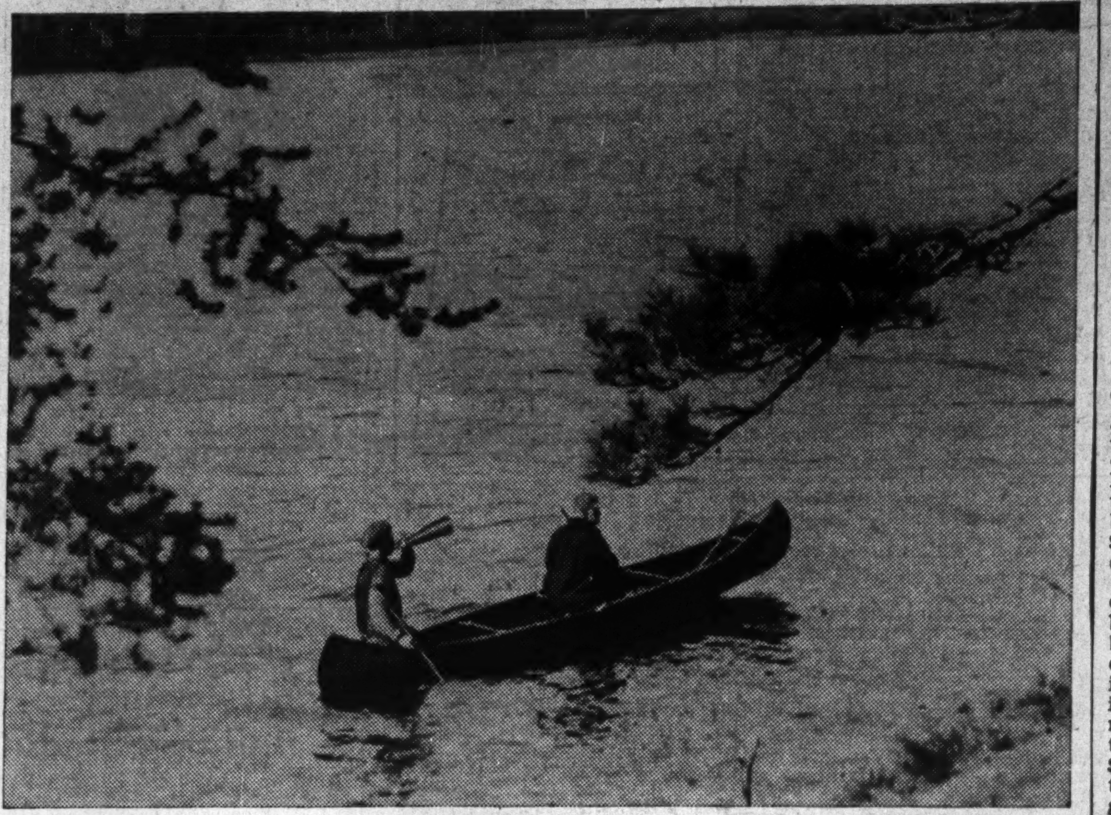

Calling Mr. Moose. —*C.N.R. Photo.*

Within 100 miles of more than half the urban centres of Canada there is good hunting. With very little trouble, the marksman's gun can bring down not merely half-tame partridge or pheasants, but bigger and more vigorous game, deer, bear, sometimes moose, and elk.

Very often it is unnecessary to go half this far. In Nova Scotia, New Brunswick and British Columbia big game and street cars are almost nodding acquaintances and hunting starts at the city limits. Even in the central areas of the other provinces there are always deer and moose within relatively short distances.

In few other countries of the world is game distributed so widely and evenly. Reason, of course, is our sparse population, our heavy proportion of natural game country. More than a fifth of the Dominion or almost a million square miles, is forest. It stretches unbrokenly along the edge of the cultivated farming country, from the Atlantic to the Pacific.

Vast Preserve

This vast natural preserve makes for good hunting and safe hunting. There is an abundant and healthy range for animals and birds and precisely the same conditions for the man who goes after them. Crowd 100 deer and 200 hunters into a few square miles and there are sure to be heavy casualties on both sides. No such crowding occurs in this country.

Many Canadians are not aware of the variety of game found in the Dominion nor of the almost national range of the more common species. There are more than a dozen different kinds of ducks and geese, almost as many more of ground birds—snipe, pheasants, partridge, woodcocks, plover, grouse and others. Most of these are found in every province, as are also the smaller animals.

In every province except Prince Edward Island there are plenty of deer, moose and bear and usually some caribou. In British Columbia, Yukon and the western fringe of Alberta additional big game is provided in the shape of grizzly bear, mountain goat and big horn sheep.

Bordering Settlements

Generally the larger game is found all along the border line of farm settlement. This means all but the rich interior valleys of Nova Scotia and New Brunswick and southeastern Quebec.

Through central Canada the area is more readily defined. Generally it commences about 25 to 50 miles north of a line following the edge of the St. Lawrence River from Quebec to Montreal, then jumping across to Ottawa, dipping south in a great curve through Peterborough, swinging north again through Orillia, Sault Ste. Marie, Port Arthur and Winnipeg.

In the central prairies the agricultural area is broad and for deer, moose and bear one would have to go north of a line running from Winnipeg through Prince Albert and Edmonton to the foothills, about 200 miles west. From the broken country along the western edge of Alberta right through British Columbia to the coast the situation is similar to that of the Atlantic areas with big game everywhere abundant except in the cultivated valleys.

Served by Rail

Most of this vast stretch of country is tapped and much of it actually traversed by transcontinental railway lines. In any case the railway will make connection with plane, canoe or road facilities.

Smaller game is not as man-shy as moose and deer and wanders farther south. Over most of the prairies and especially those sections where there are frequent lakes and sloughs, there are geese and ducks in abundance. To a more limited extent the same condition is found in south central regions of Ontario and Quebec where there is water and marsh.

With certain kinds of ground game such as rabbits and pheasants the best hunting occurs not in the wilds of the north, but in populated farm areas, especially where there are plenty of orchards and small thickets to provide cover. Other and insignificant things that thrive in the neighborhood of man are ground hogs or woodchucks, black squirrels, skunks and gophers.

Within Easy Travel

Game is so widely distributed in Canada that hunting combines with as little or as much travelling as one can desire. Costs will likewise vary. There is the Saturday afternoon jaunt—Sunday hunting is prohibited—to shoot rabbits, at a total outlay of perhaps not more than a few dollars. There is a six weeks expedition after mountain goats or grizzly bear, costing anywhere from $450 to $2,000, depending not so much on distance as on service demanded.

Hunting small game is usually less expensive in both money and time because it is more accessible. Rabbits, partridge, pheasants are found close at hand, while ducks and geese in the fall oblige the hunter by flying south to meet him over some marshy bay. Costs for hunting of this kind need not run over $10 to $15 per day per person including transportation, supplies, boat and guide and license fee.

In this case as with all trips the larger the party, up to a certain point, the lower the individual expense. This is offset to a considerable extent by the fact that the smaller group usually enjoys more successful hunting.

Costs Vary

With larger game the business of hunting is a bit more complicated, and requires planning. More travel is involved and longer stays. Weather is colder, sometimes with freezing temperatures and snow. Seasoned deer and moose hunters prefer a touch of winter. Tracking animals is easier, meat will keep better.

Simplest and most advisable way to proceed is to turn all worries over to a professional guide. He can arrange everything, license, boats, blankets, food, spare guns, transportation to camp and removal of game shot. He will know most likely hunting grounds and can supply general information in advance relating to duration of open seasons, estimates of costs, chances of success. In some provinces it is compulsory for non-resident hunting parties to be accompanied by licensed guides. Wages for guides run around $5 per day, including board.

Cost of hunting by individuals will vary greatly. Much will depend on the distance between camp and home and whether, as for mountain goats or grizzlies, planes or pack trains have to be used after leaving road or railway. For average success the trip will take at least a week and longer if one is more than a day's travel away from the place to hunt.

Minimum cost will probably run about $15 a day including transportation, food, guides, boat, but not special clothing, guns and Government licenses. The latter fluctuate in the different provinces but usually amount to $3 to $5 for residents, $25 to $50 for non-resident. A separate license for each hunter and also usually for each kind of game is required.

Canadians on the Wing

Increasing Use of Air Line Services Points Way to Pleasure Travel Plans

With interurban air service for passengers still lacking in Canada, an increasing number of Canadians are using schedule air transport for both business and pleasure travel.

The services they use are, of course, almost entirely American and carry them to American centres or to connection with air lines running to other countries. But the extent to which limited Canadian connections to these services have come to be used, points to the opportunities available to the general travelling public in this country. And it implies striking potentialities for air travel volume in this country when the connections are extended, and passenger service of Trans-Canada Air Lines is finally inaugurated.

Perhaps the most impressive evidence of how Canadian travellers are taking to the air is the record at Toronto, which has no air transport facilities at all, not even a connection with American services. Yet Torontonians numbering about 1,000 per year are going to Buffalo by train and auto to connect with air services operating out of the latter city, and at the rate of about 700 a year to make connections at Detroit and Chicago for longer flights.

Far Flung Connections

From Montreal, Winnipeg and Vancouver, from which air transport feeder services make direct connection with U. S. lines, volume is of course somewhat greater. The big attraction is that once having swung into the slip stream of American air line operation, you can travel uninterruptedly by air, in a matter of a few hours or at most a few days, to points all over the United States, to Bermuda, the Bahamas, the West Indies; Mexico, Central and South America; Hawaii, Haiti, and the South Seas; or even to China.

And airway concerns of five countries are jockeying to be the first to offer regular service across the Atlantic.

At this time of year, pleasure travel by any method tends to taper off. But air transport particularly benefits in this in-between season from desire to cut travel time on trips to jumping-off places for hunting, to mountain areas for the beauties of the autumn, and to metropolitan centres for opening of theatrical and entertainment activities.

For Canadians, however, the present significance of air travel is its potential importance in planning journeys southward, to escape the nip of Canadian weather of late fall and mid-winter. Already enquiries are beginning to trickle into air line agencies in Canadian centres in regard to use of air services for future trips to places with more balmy climates, such as Florida and other southern states, California, Bermuda and the Bahamas.

Chief Advantages

Apart from the general value of air travel in speed, comfort and convenience, use of air services for such journeys offer two main advantages:

1. Points father away from Canada, and consequently with balmier weather, can be visited, and the maximum time spent on the holiday.
2. For those interested in touring or in visiting several regions or centres, the scope and convenience of their trip is greatly broadened.

The question of air travel cost has almost become a negligible consideration. Generally speaking, charges on American lines do not average more than 10% above the cost of travel by rail, when the extra charges for berths, meals, tips, etc., are added to train fares. Meals served on a 'plane are, of course, covered by the cost of the ticket. Return trips by air give the traveller a 10% discount. And the bulk travel arrangement offered by 17 U. S. air lines, giving a 15% discount, is being used by an increasing number of firms and individuals, even in Canada.

Under this bulk plan, a regular user of air services can deposit, say, $425 to cover air transport worth $500 at regular rates. He receives in return a card which, on being shown every time an air ticket is purchased, entitles the bearer to the discount.

Direct Services

The air services running south from Canadian centres are by no means entirely "shuttle" or connection operations. This may be largely true of the Northwest Airlines service out of Winnipeg, which is operated chiefly to connect with the same line's main service across the American northwest from Chicago to Seattle. The Winnipeg plane flies by way of Pembina, N.D., to Fargo, N.D., to connect with those running westward to Seattle and east to Chicago.

From Vancouver, service is given both by Trans-Canada Air Lines and United Air Lines (a U. S. concern) to Seattle. There connection can be made with N.W.A. services eastward to Chicago, or with United's own operations to San Francisco and southern California. From 'Frisco operate the China Clippers to Hawaii and China, and from Los Angeles Pan-American Airways services stretch southward through Mexico and Central America to South America.

Two lines also operate out of Montreal. Canadian Colonial Airways, an offshoot of American Airlines, runs one 'plane daily to Albany and New York and another (Douglas Flagship) non-stop to New York. From New York connection can be made with any of the four transcontinental services, with the Eastern Air Lines services southward to Miami and intermediate points, or with the Pan-American-Imperial Airways service to Bermuda.

The second service out of Montreal is offered by Boston-Maine Airways to Boston, by way of Burlington, Vt., Montpelier, Vt., Concord, N.H., and Manchester, N.H. From Boston transcontinental connections can be made, or with services up into New England.

With Toronto's two airports well on the way to completion and Trans-Canada Air Lines planes making daily trial flights to and from that city, it will not be long before Torontonians will have schedule air service connection with Buffalo and Detroit, as well as to Canadian cities east and west. However, even now there is growing realization of the fact that convenient connection can be made by train or auto with six 'planes American Airlines operates daily each way from Buffalo.

Rowell Enquiry Nears Final Stage

From Our Own Correspondent

OTTAWA.—The Rowell Commission on Dominion-provincial relations, which has resumed private sittings, is still hopeful of having its report ready for Parliament at the opening of the next session.

Commissioners, with the exception of the chairman, Hon. N. W. Rowell, who is too ill to attend, are at present studying the last of the briefs prepared for by the corps of experts.

These briefs, when the commissioners finally get down to consideration of their report, will be balanced against the evidence presented by the provinces, and other public bodies. Meanwhile, copies of the first batch have been dispatched to each Provincial Government for study. It is hoped to have the rest ready to follow before the middle of the month.

If this is accomplished the final public hearings of the Commission will be held in the beginning of November, when the provinces will be given an opportunity to amend their pleas in the light of the later briefs. Already Manitoba and British Columbia have intimated that they will take advantage of this opportunity.

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Canadian Exporters Appreciate the Work Done Abroad
by Canada's Trade Commissioners

THE old saying "Trade Follows The Flag" might, in Canada's case, be changed to "Trade Follows The Trade Commissioner". Certainly these able men that Canada has sent to Empire countries and foreign lands have played an important part in the building up of Canada's immense export trade. Just how important may be realized by extracts taken from a few of the many letters recently received by the Department of Trade and Commerce. These letters being confidential, the exporters' names have been omitted.

These Letters prove the worth of this Service

February 23, 1938:— "Our Company has always received valuable help through the offices abroad of the Trade Commissioner Service during the years we have been building up our export connections and I can assure you that it has been very gratifying indeed to us all."

May 11, 1938:— "We sincerely appreciate the efforts of the Canadian Trade Commissioner in South Africa in opening up the market for us in that country."

April 25, 1938:— "We certainly have nothing but the highest words of praise for the great co-operation we receive from your Department and from the Canadian Trade Commissioners everywhere."

March 19, 1938:— "Your efforts in our behalf on this matter are highly appreciated and confirm our opinion that the Canadian Trade Commissioner Service is second to none in the world."

May 3, 1938:— "It is impossible to reply to this communication without expressing congratulations on the extremely thorough manner in which the information was transmitted to us. It bespeaks well for the efficiency of your Department and is very much appreciated."

April 13, 1938:— "In view of the services and assistance rendered us by your Trade Commissioner and his staff in Kingston, and the Commissioner and his staff in Port of Spain, the writer, on behalf of these services, would wish to compliment your Department in the personnel and ever-ready and willing assistance extended us by these respective officers."

March 14, 1938:— "We have come to associate success in anything they undertake with the names of that great body of Commercial Ambassadors whom we call our Trade Commissioners."

March 24, 1938:— "In closing, may we express our appreciation of the assistance given us by your Department in the past, which has so greatly encouraged us in the development of our exports of Canadian merchandise."

March 10, 1938:— "In the trying time through which all export business is now passing, one of the most pleasant features is the unfailing helpfulness and courtesy rendered to Canadian manufacturers by the representatives of their Government, commercial and otherwise, abroad."

March 12, 1938:— "I wish to take this opportunity of expressing to you my appreciation for the valuable assistance which the Canadian Government Fruit Trade Commissioner in London, gave us in connection with obtaining satisfactory insurance on our shipments to South America."

January 27, 1938:— "We would again like to remark that you have certainly been a tremendous assistance to us in both the Dutch East Indies market and the New Zealand market and we assure you that we are very grateful."

January 11, 1938:— "We wish to take this opportunity of expressing our keen appreciation of the very excellent attention which the Cape Town Commissioner is giving to this particular situation and the service which he is performing is indeed of great value to us."

They Helped To Provide Employment

Canada's Trade Commissioners furnished several thousands of trade reports during the last fiscal year to Canadian firms seeking to enlarge their export trade. They assisted Canadian exporters to make many new connections that brought 22 millions of new business to Canada—business that helped provide employment.

DEPARTMENT OF TRADE AND COMMERCE
HON. W. D. EULER, M.P., *Minister* Ottawa J. G. PARMELEE, *Deputy Minister*

New Germany's Financial Merry-go-Round

(Continued from page 1)

Nazi could buy a complete set of post-cards of the previous day's events. Most of these were stamped with a special 25 pfennig stamp with a picture of Der Fuehrer. As the ordinary postage for a card is only six pfennigs I enquired the reason for the difference. I was told that six pfennigs went to the post office and the other 19 pfennigs went to the Party for expenses.

Seats for all the meetings and displays were sold at prices as high as 10 marks, or $4 if one accepts Herr Schacht's estimate of the value of the mark.

I know any number of promoters in Canada who would be glad to throw the whole party congress for Hitler on those terms if they could get the concession.

But how about the financing of the more serious business of running a Fascist state?

In the first place, full employment of the citizens has effected a not inconsiderable saving on account of relief payments, this saving amounting yearly to about 2½ billion marks or $1 billion, if one again accepts the current rate of exchange as having any validity at all.

Secondly, there has been a progressive increase in taxes, particularly on industry. Full-scale production has greatly increased the taxable limits of the people. The revenues of the Reich have grown to prodigious size and, despite rising expenditures, there is a good surplus on "ordinary" account.

It is estimated that in 1929 taxation took about 18% of the national income. Last year it is estimated to have taken over 28%. And do not forget that the income of the nation has about doubled.

But even such a staggering increase in taxes has not been enough to pay all the bills. Last year about 73% of the new construction in Germany was done by the State. Another 22% was done by industries expanding under government orders as part of the Four Year Plan to achieve self-sufficiency. That left only 5% of all the construction in Germany that could be attributed to private building of all kinds.

State Spending Dominant

It is not only in capital expenditures that the State is the dictator of the nation's spending. State spending is dominant in every phase of the life of the people. It was recently admitted semi-officially that just over 50% of the national income is now spent by the State.

One good authority, Thomas Balogh, who has recently contributed a most illuminating study to Cambridge's "Economic Journal," estimates that the annual rate of governmental expenditures from taxation, dues, etc., is about 23-25 billion Reichsmarks or 35% of the national income. In addition, about 6-7 billions is spent out of borrowings.

He has reason to believe, too, that these expenditures do not include all that is being spent on account of armaments, labor service, etc., and he allows another five billions for that.

His figures confirm the more or less official estimate that State expenditures amount to more than half the national income.

It must also be remembered that all private expenditures are subject to such rigid discipline and control that they may be regarded as being made under the direction of the State.

In Germany no man can say that "this is my money and I am going to spend it as I like." Der Fuehrer knows what to do with people who talk so foolishly.

Collapse Threatened?

Has this colossal rate of expenditure sown the seeds either of inflation or economic collapse?

There are so many different definitions of inflation and so many tests of public insolvency that one can get almost any answer one seeks to that question. Let us examine the situation a bit.

In the first place, the circulation figures of the Reichsbank can hardly be regarded as indicating any tendency to currency inflation. Money in circulation is around eight billion Reichsmarks, against six billions in 1929. Much of this is due to the enlargement of the boundaries of Germany in the Saar and Austria. The balance of the increase is small compared with the staggering increase in production and employment.

The claim, made to me at the Reichsbank, that "Germany has the soundest and most orthodox currency in the world," has at least some evidence to substantiate it. In fact, one of the reasons assigned for the recent slump on the Boerse was that there was a scarcity of cash. Money is "hard" in the Reich.

Debt Not High

Nor can the public debt be regarded as unduly high. On a comparable basis, Canada's would be about a billion dollars. Germany wiped out its public debt in the great inflation and it has effectively defaulted on payments on account of its foreign debt. The long-term internal debt is certainly not beyond the capacity of such a busy industrial and agricultural economy to carry.

Moreover the high level of taxation has provided deflationary influences to keep the system in control.

But this is not the whole story. There is one key point in the financial situation where the relevant facts cannot be obtained. No one except the inner circle of monetary chieftains knows what the "secret" floating debt of Germany really is. The Reichsbank has recently taken to publishing the figures of new issues of short-term bills, but it has not yet bothered to publish the figure of the total amount outstanding.

Germany finances its major public expenditures by giving short-term bills to the big contractors. These bills are then "consolidated" in various long-term loans that are made from time to time. While they remain outstanding, no one knows their total. Thomas Balogh, whom I quoted above, estimates them at 13-15 billions or more, or as much as $6 billions at the nominal rate of exchange.

Finances Look Sound

On the whole, it would be unwise to assume that Germany is reaching the end of its financial tether. On paper the financial picture looks to be infinitely more sound than that of the United States. People have been threatening the financial collapse of Germany ever since 1933 and the collapse seems outwardly to be no nearer today than it has been during that period.

When, then, will the testing period come? Here one enters that shadowy realm of financial and monetary theory where there is no longer any such thing as the "real McCoy" of orthodoxy and where economists bitterly contest the merits of their highly contrasting views.

Perhaps this much oversimplified estimation will find some degree of acceptance:

Germany has been able to carry on because it has been in a rising cycle of production and employment. It has taxed with a heavy hand. Thus it has prevented the people from expanding their private expenditures, eating more food, wearing better clothes and indulging in the luxuries that people expect to get out of a period of rising prosperity.

Even public borrowing—whether by short-term bills or long-term issues—has not strained the resources of the State unduly because many of the expenditures have produced a yield in national income sufficient to carry the cost of servicing the debts.

Reason for Worry

Today, however, the point is being reached where such continuous borrowing by the State cannot be viewed with complete equanimity. When all the people are already at work, how can an increased national income be produced to carry a greatly increased debt structure? When so much is now being spent on armaments and other works that cannot be regarded as carrying themselves, how can one talk of the expenditures actually increasing the national wealth?

When taxes are taking such a large share of the national income, how can taxes be materially increased? When public money is being spent to make wool from fish-meal and motor fuel from potatoes, isn't someone going to be the loser?

It is no doubt because he knows there are no very promising answers to those questions that Dr. Schacht is now doing his best to modify the voracious demands of Nazi leaders for ever-increasing public expenditures.

He has a difficult job there. The Nazi party leaders want their new "Brown Houses," their vast sports arenas, their assembly halls, and all the paraphernalia that is needed to maintain in existence a party that (despite all that is said) has as a party a spending existence separate from the government of the country.

The government leaders want to carry on with their huge public works programme, their Four Year Plan. They are building up the bureaucracy needed to enforce decrees, regulations and laws.

Visions Bring Demands

The army chiefs are clamoring for more money to speed up defenses. They are beginning to see a vision of a Reich greater than any nation has ever been. It is early yet to say if the firm stand of the democracies against methods of force over Sudetenland will have modified those demands.

There are too many spenders in Germany for the nation's own good.

The machine can be kept going only if the present high revenue from taxation can be maintained and increased and the present scale of expenditures be modified.

The tax yield can be kept up only if the nation can be gradually turned from much of the unproductive work now going on, to more creative effort. It is better to have people busy in factories, that will produce wealth, than to have them busy building monuments to the vanity of Nazi leaders.

If Germany is to avoid collapse, she will have to find a way of gradually increasing the private savings of the people and permitting these savings to be diverted to investment in new private enterprises. There is a limit to what any nation—even a state like Germany—can spend on "work-creating" public enterprises, on armies and on exhibitionism.

Germany is near the limit of what it can or should spend that way—how near no one knows because it is impossible to tell how much pressure upon their standard of living the people will absorb without revolt.

This highly organized, delicately balanced economic and financial mechanism, that is the heart of the new Germany, runs with a smoothness and precision that can easily make the German leaders overconfident.

Like Speeding Auto

As I discussed various aspects of its operation with people in Germany, I recalled what was said to me in Toronto last spring by a scholarly German. He was once a highly-prized adviser to the Reich, but is now an exile because of the non-Aryan ancestry of one of his grandmothers:

"The German economic machine is like a high-powered car moving at tremendous speed along the edge of a deep abyss. It has been running along this hazardous highway and at high speed for several years. Everything has functioned smoothly and no trouble has been experienced.

"One can see no obvious reason why the car should not continue to travel as smoothly and as safely for an indefinite period. But it is never more than a foot or two from danger, and even death. If the man at the wheel should relax his control for a fraction of a minute, or if a rock should come tumbling down on the road or if the mechanism of the motor failed to stand the continuous, unrelaxing strain, then anything might happen."

Brake Applied

Apparently Dr Schacht realizes that. Germany has announced that it will no longer issue short-term notes beyond the ability of the tax revenues to redeem or the money market to refund within a year.

But can the financial managers convince the spending politicians—for after all the politician is a politician whether he wears a brown shirt, a black shirt, a white shirt or no shirt at all—that things cannot go on this way for ever?

All these are fair questions. But another fair question is one we may well ask ourselves: "Can we not similarly find a way, but under our own free system, to utilize to the limit our enormous producing power, greater relatively than than that of Germany can ever be?"

Certainly, Germany is using all its manpower today. The tragedy is that so much is being used wastefully and so much more in pursuit of mad objectives of military power and territorial expansion.

Dangerous Ambitions

If Germany were making itself strong and hardy only because it wanted to raise the standard of life of its people, we could have nothing but admiration and envy for what it is doing. But the mysticism of Der Fuehrer embraces ambitions and dreams that can be fulfilled only at the cost of bitter tragedy for the whole of mankind.

The system provides Germany with what it wants. The phrase "cannons instead of butter" is familiar. In German it is put another way—"defence instead of opulence."

It is in effect a rationing of scarcity. The free choice of the individual has been entirely destroyed to build up a stronger state. The individual must derive his satisfaction out of contemplating the proud economic edifice of which he has become so small a part.

"The Nazi economic policy," it has been said, "is better suited for achieving maximum employment than for securing maximum enjoyment."

But unless it is from time to time modified to permit private savings to be accumulated and invested, it may not for many years be able to produce even maximum employment.

It is a war system used in times of peace but not entirely adapted to peace.

Could Germany stand a war? Would the economic machine keep going? Essentially there would be but little difference between the Germany mobilized for what now passes for peace in Europe and the Germany mobilized for war. But the difference would be just enough to bring about the collapse of the whole structure sooner or later.

In the next article I shall discuss the amazing manner in which Germany, operating on a currency that is almost entirely without gold backing, has greatly extended her foreign trade.

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NATURE has been kind to the Prairie Provinces this year. Rainfall was generally adequate, and in spite of toll by rust, grasshoppers and drought in certain areas a 334,000,000 bushel wheat crop has been harvested, an increase of 175,000,000 bushels over 1937. The yield of all grains, in 1938, increased by 312,000,000 bushels to a total grain crop of 680,000,000 bushels. Western Canada will enjoy a higher and a more widely distributed income than for many years. Wheat, the chief cash crop, alone will have a value of nearly $200,000,000 on the farm.

Western Factors in the National Economy

The Railways

Forty-five percent of Canada's railway mileage is in the Prairie Provinces—19,171 miles of railway. This vast railway investment in roadbed, rolling stock and railway administration was provided for two main purposes—to open up Western Canada for settlement and to assemble and transport the prairie grain crops to inland and seaboard ports.

Canada's two great railway systems are now in full action. Train loads of the world's finest wheat are moving. A $35,000,000 freight job is in hand, the first step in moving Western Canada's $200,000,000 wheat crop to the export market.

With most of the crop marketed at a fixed price through the Canadian Wheat Board, returns to the farmer will be much earlier than in other years and will be reflected in an early distribution of farm purchasing power through the Prairie Provinces. The freight and handling charges on the large wheat crop are an additional income earned and spent in Western Canada.

To appreciate fully the economic significance of the grain movement now going on, from the farms to the elevators, to the railways, to the terminal elevators at the Lakehead, to the seaboard — the hustle and bustle — the maze of financial transactions — is to appreciate the significance of Winnipeg, the commercial, financial and railroad centre of Western Canada and one of the world's greatest grain markets. Winnipeg and Manitoba offer the richest and most highly concentrated market in the Prairie Provinces for the profitable disposal of the products of Eastern manufacturers. The Tribune's circulation of over 35,000, mostly exclusive, is highly concentrated in this market.

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New Building

Imperial Tobacco Co. will award contracts shortly for tobacco warehouse at Delhi, Ont., and processing building at Leamington, Ont.

Royal Typewriter Co. has retained engineers to draft design for proposed typewriter manufacturing plant.

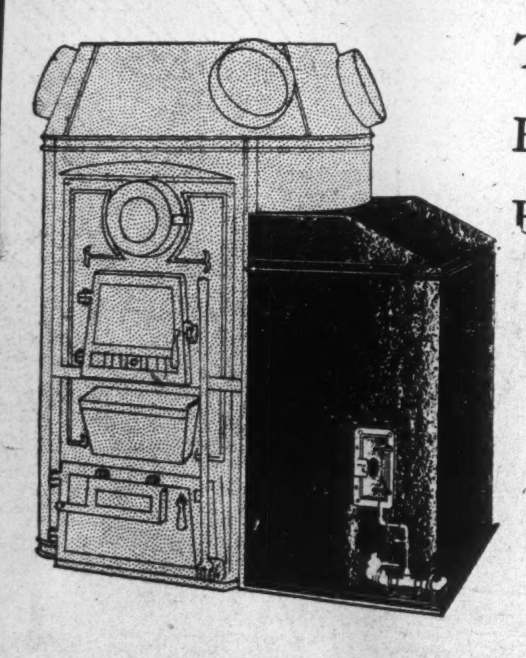
Canadian Cycle & Motor Co. has awarded contract for addition to its plant at Weston, near Toronto.

Aldermac Copper Corp. has awarded contract to **Hill-Clark-Francis Ltd.**, New Liskeard, Ont., for erection of $400,000 sulphur refining plant near Rouyn, Que. Designed by Comstock & Westcott Inc., Niagara Falls, N.Y., the plant will have a daily output of 100 tons of sulphur from 225-250 tons of pyrites.

Department of Public Works, Ottawa, has awarded contract for the new Supreme Court of Canada Building in Ottawa to **Anglin-Norcross Quebec Ltd.**, at $2,550,000. The building will be four stories high, sandstone walls with granite base, full air-conditioning, and acoustical treatment.

National Steel Car Corp. is building addition to its plant in Hamilton.

Canadian National Railways has awarded contract for erection of new railway station at LaTuque, Que.



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Construction

Improvement by Law

National Housing Legislation Influences Betterment of Residential Construction

By STAFF WRITER

OTTAWA.—Better houses are being built in Canada today than a few years ago, National Housing Act officials claim, largely because of the standards set and the stimulus given by housing legislation since 1935.

The houses actually constructed under the assistance and requirements of the National Housing Act are proving examples to private builders, thus raising the general average for Canada, they explain. The regulations are also having a favorable influence on municipal building regulations, particularly in the smaller centres.

Aim of the government authorities is not only to foster building of houses of low initial cost but ones that will prove permanently low—in other words, inexpensive to maintain.

Skimpy Building

"Before the Dominion Housing Act was passed in 1935," an official told The Financial Post, "there was a good deal of skimping in residential building. Construction was sometimes too light and roofs soon sagged and leaked, walls cracked, foundations settled. Very often tin flashings around roof openings were second or third grade. Practically no attention was paid to insulation.

"As a result the buyer of a brand new home was often facing heavy maintenance cost in a few years while right from the start his fuel bills were likely to be large. Then again, there was little real attempt to make the low-priced speculative home either attractive or convenient."

Now the picture has changed, in the official view. Certain rigid minimum standards were laid down in the 1935 act and are carried on by the National Housing Act Part I. These are backed by frequent inspections during construction.

Early Objections

At first lending companies co-operating with the Dominion authorities protested that these regulations were too rigid, that there was too much red tape. Representatives were called to Ottawa and the whole matter was thrashed out. After a few minor suggestions were adopted the lending companies, it is claimed, went away entirely satisfied.

Housing officials emphatically deny that their regulations have increased the real cost of building but claim they have actually lowered it substantially. Research is being maintained continually with a view to developing cheaper materials and methods but at the same time maintaining high quality and especially lasting quality. Anything discovered has been passed along to the construction industry.

Improved Designs

Plans have been drawn up featuring attractive outward appearance and inside convenience. These plans have been made available at nominal cost. Special exhibits of model houses have been promoted at various places and have resulted, it is said, in a great deal of comment and interest.

Assistance has been given freely to the municipalities contemplating revision of building by-laws. Summing up the Government's efforts to stimulate private home-building one official put it this way:

"Our aim has been not only to make building money cheap but to insist that the home-owner gets the very most for his money."

To date nearly 6,000 houses have been constructed under the Dominion housing scheme, which became operative in 1935.

Latest figures continue to show substantial progressive increase in the volume of loans under Part I of the new Housing Act. Loans during September, the second full month under the revised statute, amounted to $1,240,695, more than double the total of $552,450 for the same month last year. Of the 338 dwelling units financed during the month, 125 were aided by loans for $3,000 or less, including several on the 90% basis allowed where lending value is $2,500 or less.

The September figure showed an increase of about $200,000 over August, thus reversing the seasonal trend recorded a year ago.

Total of loans to date under the Act and its predecessor statute now stands at $23,426,259, of which $12.2 millions represents loans during the year ended Sept. 30 last and $7.3 millions the total for the preceding 12 months in 1936-37.

Low Rental Housing

Progress in regard to Government-subsidized low rental housing has been negligible. A definite plan was finally formulated late last spring and Ottawa offered to assist in providing shelter for those unable to pay rent covering full cost. So far no schemes either private or municipal are actually under way, but officials are hopeful that some will be initiated before the end of the year.

When the low rental scheme was first announced there was a flurry among some speculators who either had land to sell or construction work to offer at a considerable profit.

"There were many offers," The Post was told, "and people may have got the impression that the scheme was to go over quickly and on a big scale. When we turned these offers down the same people may have got the impression that the plan had been dropped. But it hasn't."

Need of Economy

"The whole thing is complicated and to be successful it must develop slowly and above all costs must be kept down—not over $3,000 per family unit and considerably less if at all possible. Through low cost money we are trying to bridge the difference between what people can afford to pay in rent and the minimum an owner can charge. If we have any speculative profits in such a thing then the project becomes impossible."

Another cause for delay, The Post was informed, was the slowness of necessary municipal co-operation. A limited rate of taxation is insisted upon by the Dominion Government and this usually means that a special bill must be put through provincial legislatures. Most of these legislatures had already prorogued before the Dominion scheme was announced last spring.

Construction World

Windsor Hits Snags

Civic authorities in Windsor were recently stymied in their plan to encourage building of low cost homes under the new National Housing Act. A particular feature of the revisions in the Act is the clause allowing mortgage loans up to 90% of valuation on dwellings costing $2,500 or less. Desiring to stimulate residential construction under the Act, Windsor decided to build a model home to demonstrate the possibilities of low cost house building. But when plans were drafted, it was found that costs of building materials and labor in Windsor would make it impossible to build a minimum standard house for less than $3,000, without including the cost of a lot. At latest reports, officials were trying to revise plans to conform to the $2,500 cost level, but convinced that the Act would have to be modified as far as Windsor was concerned if 90% mortgages were to be made possible in that city.

The Windsor situation confirms what was anticipated when the revised Act was passed—that construction of suitable dwellings for $2,500 or even $3,000 is feasible only in smaller centres, where demands of labor are more reasonable than in the unionized larger centres and where frame construction is permitted. This is illustrated by the experience in Riverside, Windsor suburb, where several plans have been drafted for houses costing comfortably less than $2,500.

• • •

Modern Store

Cleancut characteristics of modern commercial construction will feature the new million-dollar store of the T. Eaton Co. Western Ltd. at Edmonton. Preliminary construction has already begun on the project, which is expected to be finished by Sept., 1939.

Stainless steel will be freely used on the store's exterior, both for the finish of the four entrances and for the wide marquee that will run around three sides of the store for a total length of 670 feet. Rounded corners and other streamlining of the exterior will be utilized to give the new building a thoroughly modern appearance. Illumination of the interior will be through spacious aluminum-framed windows and a system of lighting specially designed to meet the requirements of modern merchandising.

Exterior walls will be of Tyndall stone with trim of granite.

Bay-Adelaide Pays Half Year's Interest

Bay-Adelaide Garage Ltd., Toronto, has announced that the coupon No. 12, dated April 15, 1933, will be paid on Oct. 15, 1938. Last previous interest was paid just one year ago. The company reports that the competition of open air parking lots continues to increase, making it impossible to increase revenue from parking at the garage. A decided improvement has been shown by the repair department during the past year. Taxes for 1938 are paid in full.

The Western Canadian Problem

(Continued from page 1)

estimated this year at 345,644,000 bushels is in excess of the wheat crop estimate by some 9,000,000 bushels.

A comparison of prices of the leading cereals at the present time with those of a year ago indicates the very substantial recession which has taken place.

Grain Price Comparisons
(in cents)
Week of Sept. 16

	Basis Fort William & Port Arthur 1937	Basis Fort William & Port Arthur 1938	Approximate Street Prices 1937 Man.	1937 Sask.	1937 Alta.	1938 Man.	1938 Sask.	1938 Alta.
Durum Wheat	106.2	51.4	.87	.83½	.83	.35	.31½	.31
Hard Wheat	130.6	*.80	1.12½	1.09	1.08½	.64½	.61	.60½
Oats	51.5	30.1	.39½	.37½	.37	.21	.19	.18½
Barley	59.2	35.1	.45½	.42½	.42	.20½	.17½	.17
Rye	87.6	39.4	.72	.68½	.68	.25½	.22	.21½
Flax seed	175.2	135.7	1.57	1.53	1.53	1.18	1.14	1.14
* Pegged (open market 64.7						.50	.46½	.46)

When all the factors concerning greater crops and lesser prices are taken into consideration, the total income from western grain crops will probably only exceed that of last year by some $70 millions.

And just as the consideration of increased crop volume without regard to lower price levels may give an erroneous impression of conditions in the West, so also may undue emphasis be placed on the fact that the increase in the estimated total revenue from agriculture shows insufficient improvement over last year because this income, such as it is, is more widely distributed than was the case in 1937. In other words, a greater aggregate income is divided among a much larger number of people.

Disappointing as results have been, the West is nevertheless getting back on its feet again. Moisture has brought with it better crops, feed for the cattle, fruit and vegetables for the home, and renewed hope and confidence to the people. The greatly reduced burden of relief with which the Prairie Provinces are faced is evidence enough of the materially improved conditions.

Markets

Present farm produce costs bring us face to face with what we consider the fundamental problem of the West, i.e., one of markets, and and therefore prices, rather than one of drought, which we believe is fairly generally recognized to be a matter of precipitation cycles just as it always has been.

In considering this question of farm produce levels, we can, for the purpose of this article, eliminate coarse grains, cattle, hogs, vegetables, etc., because we believe that present depressed values are due to the recession which the world is passing through, and from which, barring any further political complications, we believe we are gradually emerging.

Wheat, however, presents a more serious problem, for the reason that it is overclouded by the inescapable fact that the supply may again outrun the demand. The following table shows the statistical position of the exportable surpluses in all wheat-producing countries, as compared with the actual requirements in countries which do not produce enough wheat for their needs, and the exportable end-of-season stocks:

World Wheat Surpluses and Requirements
(In millions of bushels)

	'26-27	'28-29	'33-34	'37-38	'38-39 *
Exportable supplies	1,070	1,420	1,109	632	903
Import requirements†	819	886	545	512	548
Exportable end-of-season stks. Aug. 1	251	536	565	120	355

*Private forecast. (Subject to revision.)
†World import requirements 1909 to 1914 average 643 million bushels.

In the middle twenties when world import requirements were considerably above the pre-war figure, the exportable end-of-season stock was considered normal. The tremendous increase in exportable supplies during the crop year 1928-29 was not accompanied by a corresponding expansion of importers' requirements, resulting in the abnormal surplus that was one of the main contributing factors in the subsequent disastrous slump in wheat prices.

The shrinkage of production with resulting lower exportable supplies during the next few years as shown by the crop year 1933-34, was simultaneous with a corresponding drop in import requirements, and the surplus position remained unrelieved. The achievement of the subnormal end-of-season stocks last year, at August 1, 1938, was due to a substantial decrease of production in the chief exporting countries while importers' requirements continue considerably below pre-war levels.

The forecast for the coming year indicates that import requirements are not increasing comparably with the expanding exportable supplies.

The curtailment in requirements on the part of the importing countries, is at the root of the difficulty. It is, of course, due to many causes. The most important of them is the desire to be self-sufficient in time of war. The growing of wheat locally has been fostered at great cost and sacrifice to the taxpayers of the respective countries. It would seem reasonable to expect that so long as the present state of political unrest exists in Europe, a policy of importing as little wheat as possible will be rigidly adhered to.

When the clouds of war roll over and Europe can again look forward with reasonable confidence to an era of peace, it is more than likely that those countries, which can import wheat more cheaply than they can produce it themselves, will gradually return to their previous sources of supply, and the wheat-exporting countries of the world will come into their own again. But those days of goodwill and understanding seem far off indeed.

Canada is fortunate in enjoying a relatively privileged position in comparison with some of the other wheat-exporting countries by virtue of the quality of Canadian wheat, which results in its selling normally at a premium in world markets. It is essential, however, that this premium should not be too great lest the importing countries decide to get along with softer grains, and that is why the cost of producing wheat in this country plays such a predominant rôle in determining the place which we may expect to hold among the wheat exporters of the world.

Mechanization

In the battle which the farmer is daily waging to keep down his production cost of wheat, the mechanization of his operations is playing an increasingly important part. During the years of drought and depression, realizing that the farmers of this country could not continue to grow wheat profitably unless the means were put at their disposal to till the soil, plant their crop, and harvest and thresh it at a considerably lower cost than had ever been done previously, the best agricultural engineers of the country set to work to provide power machines which would combine operations and cut down time, labor and costs.

The progress made in this regard can be better appreciated when it is understood that by the use of the modern equipment made available during these last few years, the cost of plowing, seeding, harvesting and threshing has been cut by upward of 60% and during the writer's recent trip to the West, many farmers told him that they could make more money today with wheat selling at 80 cents than they could in the pre-war days of higher wheat prices, due to the lower operating cost of modern farm equipment.

The full realization of the important contributions which modern farm implements are making to the problems of the West has not yet filtered through to the Canadian public as a whole.

Just to cite one example—the new light, 8-foot combine, operated by power from the tractor which draws it—a one-man outfit, which replaces the binder and does away with the necessity of buying twine, hiring labor for stooking and threshing—actually reduces the cost of these operations by approximately 10 cents per bushel over the methods in use only a few years ago; and the machine itself, the cost of which is less than one-half of that of the comparable unit of say only 10 years ago, is now inexpensive enough to be within reach of all farmers owning 100 acres or more.

The suggestion of the removal of duty on farm implements entering Canada—the political panacea for all agricultural evils— would not have affected the price of wheat during the past few years by one fifth of 1% per bushel. This seems a highly inadequate alternative to these savings of around 10 cents per bushel made possible by the progressive engineering policies of Canadian implement companies on behalf of Canadian farmers.

The better and more generally distributed crop, together with the progress made in lowering the costs of production, have certainly improved the position of our western wheat farmer, but much has yet to be done if a more permanent solution to his problem is to be achieved. A more certain market is his main requirement, and the most certain market in the world is the one developed within one's own borders.

There must eventually be greater domestic consumption of our farm products. To illustrate, one needs only to take the example of some of the smaller European countries, and most Canadians will be surprised to learn that a country as small in size as Italy has increased her production until she stands in fifth place in the 1938 estimates of wheat production in all countries, and that France, about one half the size of Ontario, ranks third with a production that comes close to rivalling Canadian output.

The difference is that these countries consume all they grow and do not depend on outsiders to purchase from them. They have populations which require the whole production of their farms and more. Why not let us prepare the way for such a happy state of affairs in Canada by building up our industrial population? It cannot be done in a day: it is a long range solution, but then Rome was not built in a day either.

We should not forget that each head of an industrial family in Canada consumes more than $400 annually of Canadian-grown farm products. Of course, we know that there are those who will hasten to point out that an increase in population will but add to our unemployment and relief problems, which already burden us heavily. Experience, however, indicates that things do not work out that way — the greater the population, the greater its requirements. If it were not so, small countries such as Belgium or Italy, which do not have anything like the natural resources of Canada, and whose populations are many times greater, would have a vast unemployment problem, which is not the case.

The Canada which our forefathers envisioned and planned for was not one of merely 11 millions. Our country is rich in point of resources; ample in its framework; capable of supporting a population of many more millions than we have at present; and it is our belief that if this great Dominion should courageously embark upon a policy of gradual expansion in population, many of our seemingly insoluble problems would be on their way toward a favorable solution.

Defer Increase In Harbor Charge

Joint Committee Will Investigate Subject of Top Wharfage Charges

From Our Own Correspondent

MONTREAL.—Higner top wharfage charges established for Canadian eastern seaboard ports have been withdrawn by the National Harbor Board pending further investigation.

When the new charges were put into effect earlier in the year the railways refused to absorb the increase, announcing it would be passed on to the shippers. Previously the railways had absorbed the entire top wharfage charge.

As a result of protests it has now been decided to defer the higher rates, and railway tariffs covering absorption of rates, which were to have gone into effect Oct. 1, have been withdrawn. As a result the railways will continue the long-standing practice of absorbing wharfage charges at Atlantic ports.

The matter is to be the subject of an investigation by a joint committee under the chairmanship of W. E. Campbell, director of traffic, Board of Transport Commissioners.

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A WHARF THAT GREW OUT OF THE ICE

Port Alfred Wharf — Finished Ahead of Schedule despite severe winter conditions.

Increased business through Port Alfred decided the Saguenay Terminals Limited to enlarge their dock and freight handling facilities. In November, 1937, Foundation obtained the contract to build a new pile wharf.

The wharf was to measure approximately 950 feet long by 35 feet wide, and support a roadway, double railway track and rails for a crane.

A total of 1,700 timberpiles up to 90 feet long was used. Two bents of 14 piles each were driven every day, and bolted and braced the same day before the ice could form. 1,300,000 board feet of timber were placed in the work.

Despite the severest winter conditions (the temperature falling as low as 35° below zero), the work was completed early in May, in good time for the reopening of navigation.

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What's Ahead for Oils?

Alberta's Thriving Oil Business Now in the Angry 'Teething' Stage

By RONALD A. McEACHERN
Staff Writer, The Financial Post

"If Alberta does not become one of the great oil fields of the world, it will be one of the major miracles and I'll take up gardening."

The speaker was one of Canada's well-known oil geologists. Neither he nor those who pay him are promoting anything. His words are being echoed by practically every geologist and oil man who has had a good look at the Alberta oil picture.

"Never were the prospects so bright" is the general belief among those best qualified to judge.

This reporter has just returned from a month's visit to Alberta. The sincerity of the geologists, oil operators and informed observers who paint glorious pictures of the road ahead is unquestionable.

But if the future is bright, the present is hardly dazzling. There are quite a few ifs and some buts. There are grief and bitterness in the picture, both for operators and shareholders.

For the Alberta oil business is awfully young. It is just in the angry teething stage.

That famous little island called Turner Valley 14 miles long, a mile and a half wide, set in the suave valleys of the foothills, has been the focus of attention ever since that dramatic June day in 1936 when Turner Valley Royalties well roared the announcement that men of courage and of science had pried open another secret of nature.

Lusty Growth

Since then there has been lusty growth. In the first seven months of this year Alberta oil production—with Turner Valley accounting for the vast percentage of it—was worth some $4.5 millions to Canadian crude producers.

But rich as it has proved, Turner Valley is not the Alberta oil picture. Turner Valley has been a foundation on which to build. It has produced a fund with which to speculate. It has been a laboratory which has taught drillers much about the toughest, craziest underground tangle of rocks oilmen have found anywhere in the world of oil.

"Turner Valley has ceased to be the important thing in the Alberta oil outlook," is the way one prominent oil man put it. "We've got to get out now and find new structures, find not just one well, but sites for scores of new wells. There are dozens of other structures to choose from. Some of them look as good, some perhaps better than Turner Valley."

The shift of attention to other fields is gaining momentum. Of course, for years there has been drilling of other structures. The important thing now seems to be that some successful operators with skill, finances and understanding of foothills geology are turning their eyes elsewhere.

During the past month or so the oil picture has been changing swiftly. A month ago there was wide pessimism in Turner Valley. Wells were coming in, but fewer and fewer orders were going out for the drilling of new wells, and more wells are the heartbeats of a young oil field.

Still further clouding the sky was the decline in the number of wells being drilled elsewhere on wildcat land.

Outlook Changed

Then, from the southwest corner of the field, hitherto ignored, came about the most exciting news since Turner Valley Royalties blew in 18 months ago. One—two—three new wells came in with a bang.

The outlook changed almost overnight. The talk was now that the real heart of the Turner Valley pool had not yet been found and tapped. And orders for new wells again poured on the drillers.

Don't minimize the importance of Turner Valley either for the past, present or future. But don't expect that there the whole story of the Alberta oil business will be unfolded.

The evidence overwhelmingly indicates that one of Canada's great industries is about to be born. Mining took 20 years to become an adult, a respectable and respected member of the industrial and financial community. Its youth saw hundreds of disappointments, scores of mistakes.

So don't dismiss Alberta oil lightly.

True, they have been talking oil in Alberta for 20 years. "Monkeying around is what we should say," according to one of the pioneers.

By this time, thanks to Turner Valley, and the economic laws, most of the amateurs—amateur oil men, amateur executives, amateur financiers, have been sifted out. The survivors— those who are likely to keep on surviving — have learned a lot. They are now oil men.

The Oil Boundaries

Why does the Alberta oil picture look so bright?

The most obvious reason first. At Fort Norman, on the northern boundary of the province, Imperial Oil has its wells and its refinery steadily producing all the oil that can be sold in that area. On the southern boundary of the province, there is the start of the great American oil belt, Montana, Oklahoma, Wyoming. Now, in between, there is Turner Valley, an important proved, producing area.

Secondly, geologists go as far as sober minds and professional ethics will permit in saying that all along the whole 800 miles of foothills belt, stretching from Fort Norman down through Turner Valley to Montana, the geological formation, so far as they can now state, seems favorable for the production of oil.

"We can't tell you where to drill and get oil, but we can usually tell you where not to bother drilling" is the most geologists will say for their above-ground scientific skill.

A third reason borders on the technical. An oil structure is something like a bowler hat. It has a hard, impervious crown. It has a space for gas, then comes the naphtha, then crude oil. "Productive closure" is the phrase geologists use for the following measurement: the distance between the shallowest point where, in any one oil field, the gas was struck and the deepest point where crude was struck.

Significance of the measurement is that it indicates how large the oil pool is, how much crude the oil pool contains.

The productive closure of Turner Valley is now around 4,000 feet. If Okalta 6 well comes in the Turner Valley productive closure will be increased to almost 6,500 feet.

And here's the important thing. The productive closure of some of the great, thoroughly proved United States oil fields in relatively the same geological formation is only 1,600 or 2,000 feet.

Turner Valley productive closure is regarded by geologists as phenomenal. It points to long life, a vast underground "lake" of wealth waiting to be tapped.

More Wildcatting Needed

Digging a $200,000 hole just anywhere along that 800 mile foothill belt is not what the geologists mean when they say the Alberta's oil industry needs to do more wildcatting—more drilling in new, unproved areas. They do not imply that the Province of Alberta is floating on a sea of oil. But they are staking their professional reputations though on saying to their employers, "You are justified in gambling $200,000 in drilling a well here—there, and up there."

Right now, there are around 19 wells going down on wildcat structures—on land which appears to be promising but which so far has not produced oil in commercial quantity.

The bulk of wildcatting is today done intelligently, and as scientifically as science can make it, but not all.

Significant, too, is the fact that every month now sees more money that has been made out of oil go back trying to open up another well or prove up new ground.

In fact, so far as I can learn, very little money from outside Alberta has been brought in during the development of the past year or so by independent operators for the opening up of resources. A maximum of $2.5 millions is the estimate made by a couple of sources.

Marketing Problem

But what's all this about proration, you ask? How and when will the marketing problem be solved? Aren't the big oil companies trying to kill the Alberta development to protect their own investments? How will Alberta oil ever amount to much?

Unfortunately, mainly for the oil investor, marketing has been proclaimed as the great problem which must be solved at once and at vast expense if this infant Canadian industry is not to be smothered to death.

But marketing is not the present or the immediate problem of the Alberta oil men.

Their job today is to produce enough oil to fill the demand right in their own bailiwick, the Prairie Provinces. Secondly, to open up new wells and new structures which will show reasonable proof that they can keep on supplying that market day after day, year after year.

By the time they have done that, then they can begin on the problem of selling crude oil in eastern Canada, getting a favorable freight rate or a pipe line.

When that time comes, likely well ahead of time, the marketing problem will be taken care of, most oil operators believe. Sir Edward Beatty has several times indicated his hope that Canadian railways will not repeat what he regards as the error of American roads in refusing to give oil freight rates sufficiently attractive to prevent the construction of pipe lines.

As revealed in a cable to The Financial Post from London last week, there are many interests even now busy considering finances for a pipe line to Canadian ports.

After all, oil found in quantity anywhere in the world—in the depths of malarial jungles, hundreds of miles from the sea, or among the headhunters has so far always been marketed. Furthermore, Alberta crude has so far proved far above average grade. Don't worry about marketing now.

Selling the Production

You find that baffling? Note this: There is today but little proration in Alberta. I have been assured by responsible oil operators and observers that, contrary to some claims and figures, the field is producing—and oil interests are selling—nearly as much as the field can produce and, experts say, more than should be produced by existing wells if they are to be efficiently operated.

When harvest was going full blast Turner Valley wells were hurling to the surface around 28,000 barrels of crude per day. The proration figure was 56%. The inference was that the wells were being allowed to produce only a little better than half what they could produce.

The Conservation Board uses the figure 50,000 barrels as the field's daily potential.

But it has yet to be shown that the Valley could keep on producing 50,000 barrels a day—day after day, month after month. That 50,000 then is in reality just a figure, round and relative and easy for figuring. During harvest, 28,000 barrels a day was generally held to be about the maximum effective flow. Since then important wells have come in, probably assuring the field a consistent month by month flow of 33,000 per day.

As for marketing, the Prairie Provinces alone, around the year require an average of about 25,000 barrels of crude per day. Therefore, right on their own doorstep, the oil men of Alberta have a market that will keep them and their wells humping for some time.

That Turner Valley is in fact a 30,000 per day field, not a 50,000 is no derogation of its importance. It is simply a reminder of its stage of development. It's teething and while it looks as if it will grow into a giant, don't expect it to heave pianos today.

Position of Big Companies

But what about the big oil companies with pipe lines, refineries and distribution systems? What about these stories that they are "bearing down"?

The best answer to that is simply this. Their aims are precisely the same as those of the little oil operator. Perhaps they are usually more efficient in carrying them out. They want to make profits. Secondly, they want to stay in business.

To make the profits, they are going to buy the best oil for the lowest price. Turner Valley oil, because of its high gasoline content, can stand in open competition with oil of this type produced anywhere in the world.

To stay in business, it is fundamental for the big companies to have great reserves of oil lined up ahead of time. Not long ago it was authoritatively stated that at present rate of consumption, the world's known oil reserves would be exhausted in 12 years. That shows the world oil supply is by no means so great that big oil companies can afford to pass up any possibility for maintaining their raw material source.

But, you say, how about the charge that the big companies are holding back the Alberta oil development? That while they may eventually want this oil, they don't want it now?

Here are a few facts. It was big loans from big oil companies coming when other sources had dried up and the prospect was inky black that helped bring in the first producing crude well in Turner Valley.

As soon as Turner Valley was producing like a healthy youngster, two of the big companies took the first opportunity not to renew contracts for oil purchases in Montana and began to purchase Alberta crude.

There are two reasons for proration. There is, first, the reason which many have assumed to be the only one; a means of adjusting output of the field to current market needs. As pointed out, at the present time, this angle is not very important.

The second and the fundamental reason for proration is this. It is the means of exercising control over a field so as to assure the greatest good for the greatest number; to allocate to each operator his percentage of the market so that the wells will be allowed to produce on a uniform, equitable and economic basis.

Conservation Under Fire

As with every conservation measure, whether it treats of forests, fish or fuel, the Alberta conservationists are facing a terrific barrage of criticism. They are charged with being dupes of Premier Aberhart, tools of the big oil companies, self seekers, destroyers.

The reason is obvious. Conservation programmes always create a fundamental conflict of interest. There are always the individuals who want to get their's right now, get it fast and let tomorrow take care of itself. There are always those who prefer to go slowly, to get a regular stream of profits. There are those who expect to stay in the same business for a lifetime and who don't want that business sucked dry in a few years.

Alberta has now come to conservation, late but far better than never.

Perhaps in no other industry engaged in the exploitation of a natural resource is conservation so important, lack of it so fatal. The experience of a century in oil fields in every corner of the globe conclusively proves that to be the case.

An oil field is like a bottle of beer. Uncap it and it fizzes away into uselessness.

With an oil well, it is the gas pressure that forces oil to the surface. When a well comes in, there is vast gas pressure and the oil wants to leap into the sky. Perhaps then it requires only 2,000 cu. ft. of gas to raise a barrel of oil. But that is the youth of an oil well. As time goes on, as the gas in the dome over the oil pool is depleted, it takes more and more gas to raise one barrel of oil. This gas-oil ratio is a rising curve.

Problem of Long Life

Making that rise as long and as slow as possible is the first interest of oil men. In a structure like Turner Valley, they don't hope at best to recover as much as 50% of the oil in the pool. Running wells wide open, letting them produce every barrel of oil as fast as they can, may mean a merry life, but a short one. This method sends that gas-oil ratio curve soaring. Just like a motor car, a well run at medium speed works best and lasts longer. It pays more money. It operates more efficiently and yields a better return.

Alberta oil operators have felt or will ultimately feel the kick-back from acidization, experts are agreed. Pumping some 5,000 gallons of acid into the hole at a cost of $3,000 to $5,000, has occurred at the majority of Turner Valley wells. Some wells have had as many as three acid doses.

Acidizing an oil well, roughly speaking, is like gingering a horse. It makes the victim show off better, but doesn't make any vital change. Experts admit that there are some oil wells which need a dose of acid to make them produce a commercial amount of crude. The trouble with acidization is: it very sharply increases the gas-oil ratio. It increases the flow of oil, but it increases at a much more rapid rate the proportionate flow of gas. The race is not to the swift. Once again the anxiety of some operators to show off their wells—sometimes for stock market purposes—has or will have unpleasant consequences.

Under the Alberta Conservation Board a 31,000 gas-oil ratio brings a well's death sentence. That is, when it takes 31,000 cubic feet of gas to raise one barrel of oil, the conservationists say, "the field at large and the public interest can't afford to let you go on. You are taking more than your share of gas, more of the vital energy required to produce oil from other wells in the field. You must close." And such wells are being closed.

Take this gas-oil business from another angle. If you use gas for heating or for industrial purposes, it costs you somewhere around 30 cents per 1,000 cubic feet in Calgary — one of the cheapest rates—and around 80 cents per 1,000 cubic feet in Toronto. Assume that the cost of piping the gas into your house, administration, profit, etc., takes 60% of the cost of the gas you buy. That means the gas itself is worth 18 to 48 cents per 1,000 cu. ft. for heating purposes, etc.

When a well reaches a 31,000 gas-oil ratio, therefore, it means that it requires from $5.58 to $14.88 worth of gas to raise one barrel of oil. And one barrel of oil is now worth around $1.25.

In the old days, before there was a Conservation Board, there were wells with a ratio up to 300,000; wells which were wasting 18 cent gas at the rate of $54 for every barrel of perhaps $1.50 worth of oil produced.

Admittedly conservation involves hardship, often more apparent than real. But with hardly an exception, the hardship afflicts those behind the conservation programme as well as those railing against it.

Remember this: an oil field is like a crowd of men drinking out of one punch bowl, through straws. Purchase of drilling leases is simply purchase of a seat around that punch bowl.

The blunt fact is, Turner Valley has been horribly handled. Seats around the punch bowl have been sold wantonly and there were no restrictions on how many straws any one man could use, nor on how much he wasted.

Is conservation coming too late? Some say yes. They say the valley has too long been red with roaring flares, where enough gas has been wasted to heat every home and every tea kettle in Canada. They point to rapidly falling "bottom hole" pressures, to rising gas-oil ratios They say pumping is just around the corner.

And pumping presents a dark picture. In Pennsylvania oil fields, for instance, it is no great problem to resort to pumps when Nature is too worn out to raise more oil to the surface. There, wells are around 1,000 feet deep. Turner Valley wells run 5,000, 6,000 and 7,000. When Nature herself runs the crude to the surface, the costs to the operator are something around 15 cents a barrel. It has been estimated that pumping would hoist those costs to 50, perhaps 75 cents per barrel. Probably more.

But there is a large and well informed group who believe Conservation is not too late; that by great care, past wrongs can be atoned. though never righted. That Turner Valley will deliver itself of as much riches as it would have, had the wanton waste of the past 20 years not occurred, nobody suggests. Millions of barrels of oil in Turner Valley are almost certainly lost and unless oil becomes much more valuable and science increases its skill, they will never be recovered.

Repressuring

To save their wells and their profits, some alert operators are now studying the expensive business of "repressuring." This means that gas which has done one trip, carrying oil to the surface, is caught and pumped back into the ground to help maintain the gas pressure in the pool below.

Many big world oil fields are repressured almost from the start. Turner Valley is only now getting around to it. Because repressuring is expensive and is for the common rather than the individual benefit, co-operative action between all operators on the same pool is the logical procedure. How well that co-operation can be secured in Alberta has yet to be demonstrated.

The real importance of the conservation programme is probably less for Turner Valley than it is for the future of the oil business in the whole province. It is a patent demonstration coming at this time of the belief of the government, the big companies and the independent operators that a rich, probably fabulous future lies ahead. It shows a determination to provide a means of control—of allowing only wise exploitation of the oil to be produced in the future.

Turner Valley has suffered just about all the wrong and the bad ways there are of opening up an oil field. The fault lies primarily at the door of the governments. It is the prime job of governments to see that natural resources are exploited in a manner best serving the interests of the community at large. Governments have been asleep at the switch.

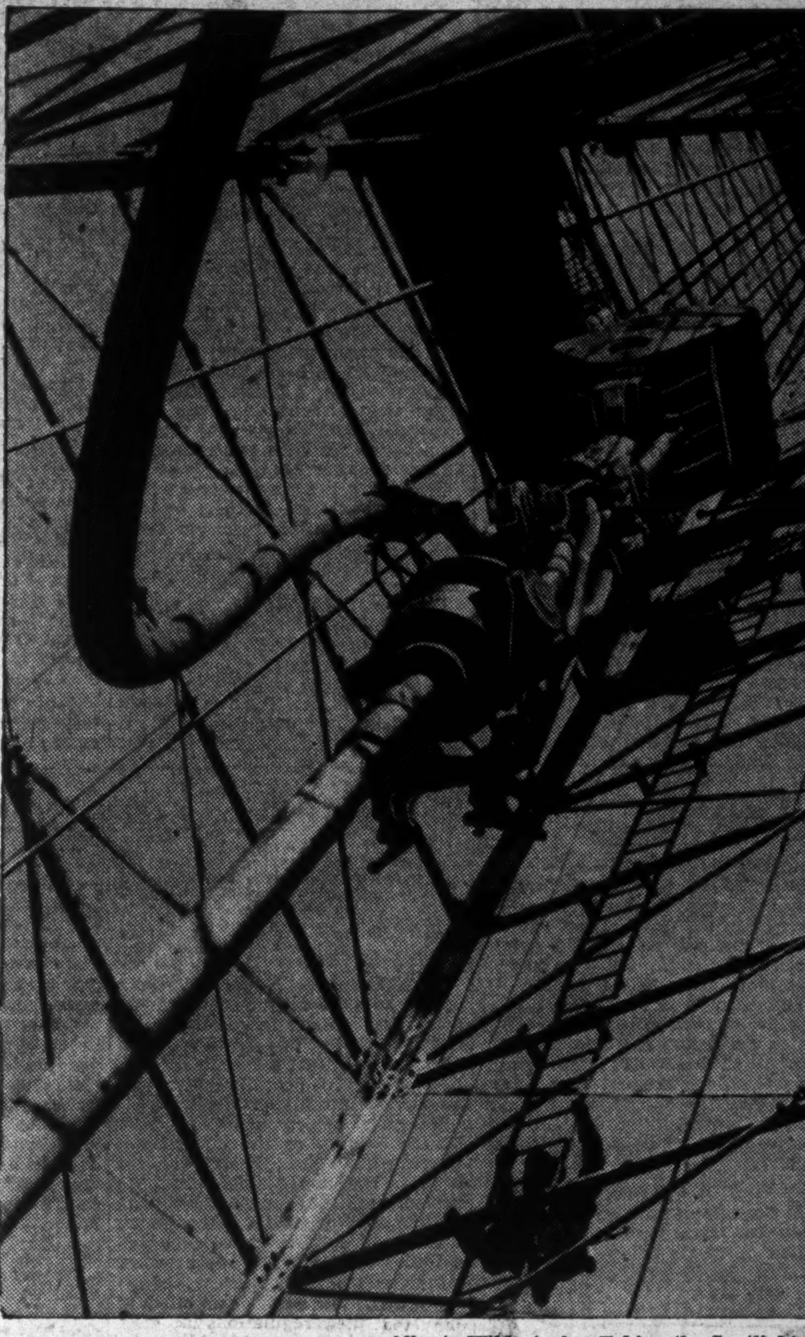
It was the engaging young minister of lands and forests, N. E. Tanner, who took this bull by the horns, won the co-operation of important oil groups and brought in an expert whose record would indicate he is about the best man in the world for the job.

Apart from what the conservation authorities are doing or are going to do, some of the successful Turner Valley operators are now putting some of the sad lessons they learned there into practice.

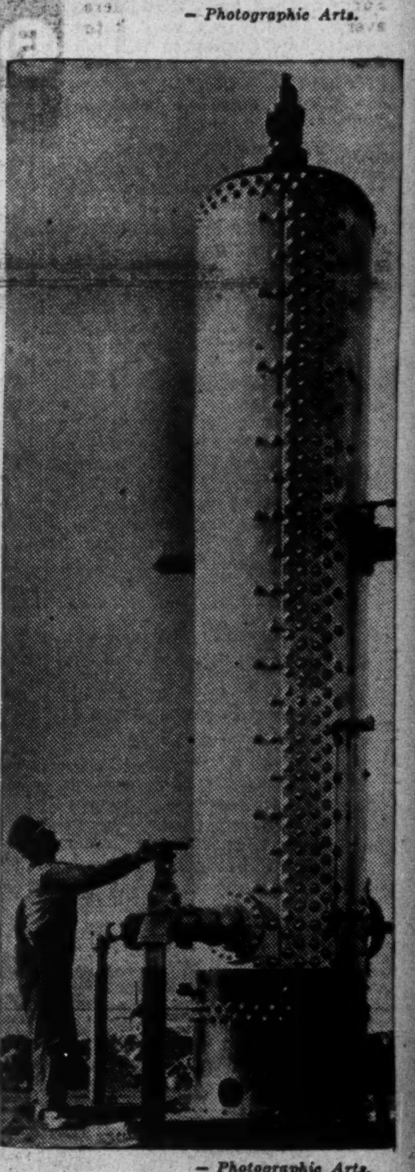
For instance: In Turner Valley, companies were organized and stock sold for the purpose of drilling a well on 40 acres, sometimes even on 20. But that means chaotic extravagant exploitation. You own the lease next to mine. You get oil. That means that if I drill at once I am almost certain to get oil too. So I scramble to make the $200,000 investment to get my well down, because every day of delay means that you are getting some of the oil that might be mine. To get the maximum oil recovery from a field a well on every 40 acres may be necessary.

Many operators are trying to mend that difficulty as they make plans for the development of new structures. They are buying not just one or half a dozen 40-acre leases, scattered over the face of the new structure. They are going after 40,000 acre blocks. Or they are getting a few other oil operators to go in with them on the purchase of the whole structure. Should these new structures come through, then there need be no waste, costs can be kept to a minimum, investment in plant, equipment and wells can be pared to the bone. Under these circumstances there will be no competitive race for production, no reckless squandering of gas pressures. Production can be adjusted to market needs.

Your Oil Stocks—(p. 19)

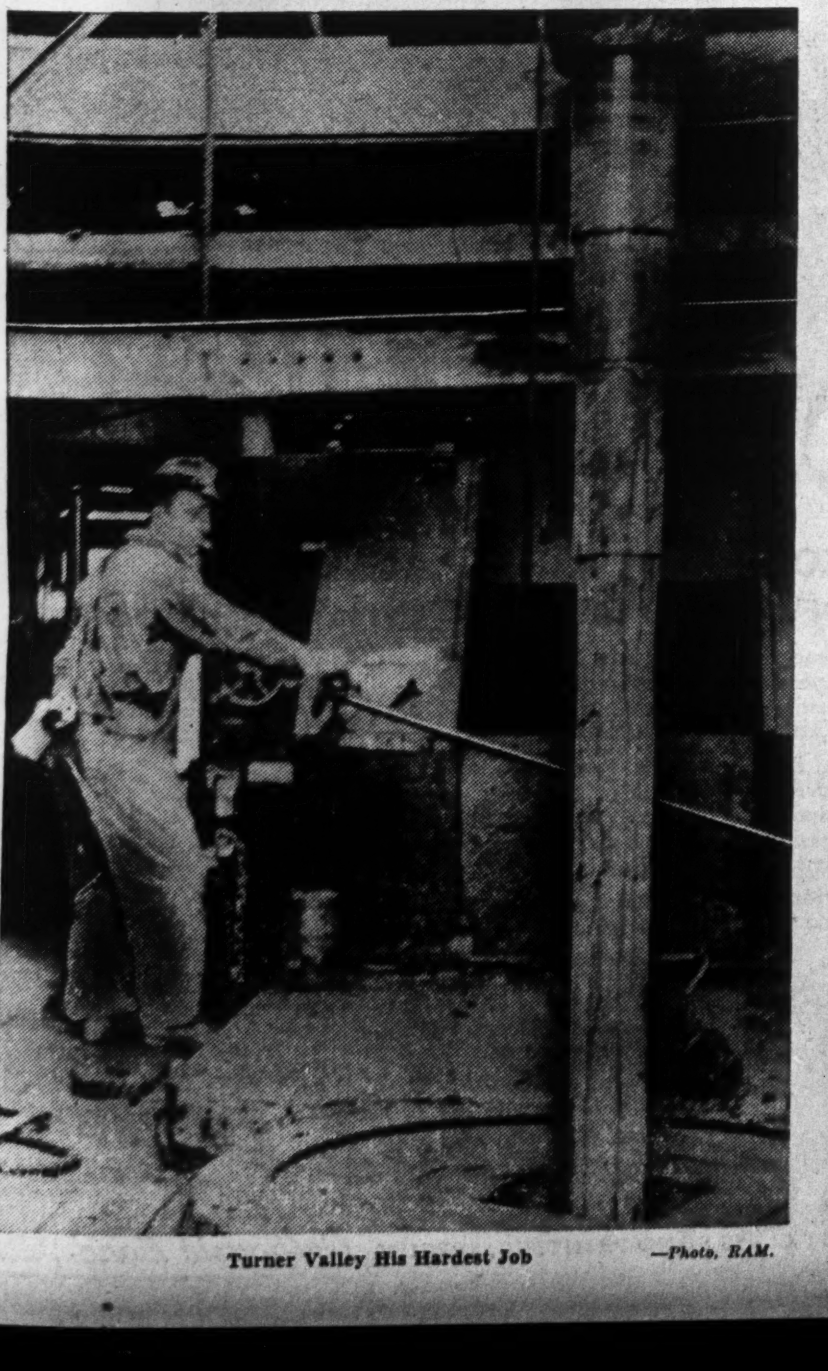


Alberta Wildcats Are Taking the Spotlight — Photographic Arts.

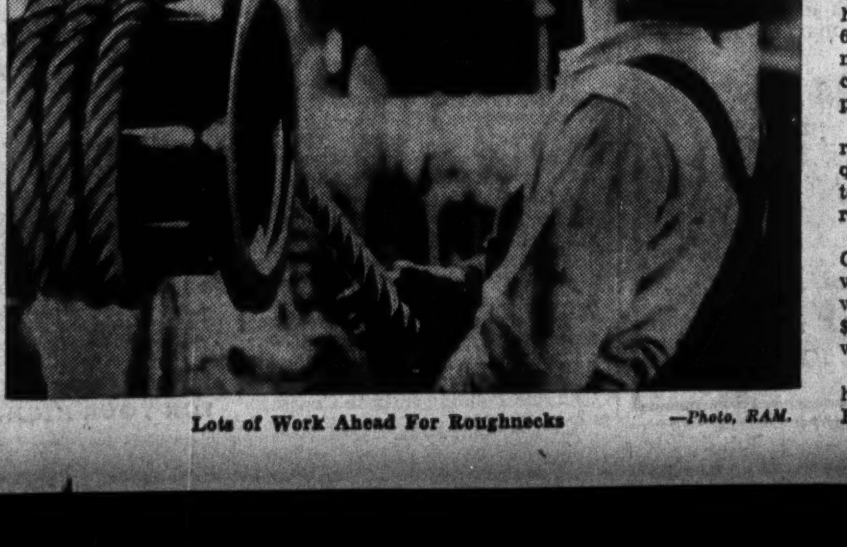


— Photographic Arts.

Slower Flow Better



Turner Valley His Hardest Job —Photo, RAM.



Lots of Work Ahead For Roughnecks —Photo, RAM.

C.P.R. Effects Staff Layoff

Employees to Take Six Days Without Pay Before Year End

From Our Own Correspondent

MONTREAL.—Clerical and shop employees of the Canadian Pacific Railway are being laid off six days without pay between now and the end of the year in order to effect a reduction in operating expenses.

Decision to take this action results from unsatisfactory earnings in the current year to date and the failure of traffic in recent weeks to show the anticipated increase. These factors, according to a statement by the company, have made it necessary to effect "absolutely essential economies."

Necessity of this action may be attributed in part to excessive optimism earlier in the year. Comparatively heavy expenditures were made in the first six months in expectation of a good grain yield in western Canada. It was expected volume of fall traffic would approximate that handled in the years prior to 1929. There has also been the burden of complete restoration of basic rates of pay on April 1 last.

No Traffic Rush

The western crop, while much better than in recent years, did not reach the magnitude which early prospects indicated. Furthermore, general traffic has not held up to the extent expected. The latter is especially true of the company's eastern lines.

If traffic had not been expected to show a sharp increase during the last half of the year, the C.P.R. would have taken steps earlier to reduce its expenses. Instead, it increased expenditures in order to be in a position to take care of a rush of traffic.

Earnings Down Sharply

The necessity of trimming expenses is apparent from earnings statement for the first eight months of the year. Up to the end of August, net earnings from railway operations were $6.2 millions below the same period a year ago. Since other income will be more than $3 millions below the same period of last year the C.P.R. will show no earnings on its preferred and common stocks unless net earnings are higher in the last four months of the year. This, of course, is assuming fixed charges and provision for depreciation on steamships and hotels will be about the same as last year. Net profit in 1937, after all charges, amounted to $9.4 millions.

The method by which the layoff will be effected will vary. In some departments employees will take a day off every two weeks. In others they will take the full six days at one time. As far as possible the method will be optional.

Alternative Schemes

Alternative proposals considered by the management were a straight wage reduction of 10% or lay-off of employees. The latter proposal was rejected since unorganized clerical workers and organized shop workers favor reduction in working time.

Economies will not be confined to clerical and shop workers only. In the case of other organized groups there will be layoffs of employees. However, the running trades will not be affected.

The effect of the layoff will be a reduction of about 2% in wages from the basic annual rate. However, wages received in 1938 will still be about 5% above the 1937 level due to the progressive restoration of the 10% wage cut during the latter part of last year and the early part of this year.

Pulp and Paper Industry

Price Structure Holds Steady in Changing Conditions

Newsprint Structure Likely to Hold for Next Year—Other Branches Reduce Prices

From Our Own Correspondent

MONTREAL.—Present indications are that newsprint manufacturers will seek to maintain newsprint prices at the $50 base level for 1939. There has been a fair amount of speculation as to what course would be pursued next year. So far the matter has not developed into a live issue, at least publicly, and the industry is maintaining a discreet silence.

The repercussions following upon the sharp advance of $7.50 a ton last year have not died down as yet. Nor have the manufacturers forgotten what happened as a result of the 1937 price policy. The piling up stocks by the publishers in the last half of the year have seriously affected mill operations for the current year.

Conditions Have Changed

When the price was advanced so precipitately last year, though it should be borne in mind that the previous price was abnormally low, conditions were favorable for the increase. Demand was mounting rapidly; the publishers were reporting more advertising linage and increased circulation; and a possible paper shortage was freely talked about.

As the situation now stands there is no danger of a shortage of newsprint paper. Far from this being the case, there is a surplus of capacity. Advertising linage has fallen off. American publishers report a decline of approximately 12% in consumption of newsprint for the year to date. The danger of a war and possible interference with shipments of paper from the Scandinavian countries is rapidly slipping into the past. And above all, a considerable surplus of newsprint continues to overhang the market: paper that is in the hands of both the publishers and manufacturers.

At this time conditions for a price advance are just as unfavorable as they were favorable 18 months ago.

Straws in the Wind

Some indication as to what is likely to be the price policy for next year may be gathered from various "straws." The Finnish mills are reported to be accepting some business for 1939 delivery on the present price basis. As far as can be learned no large volume has been signed up.

Seemingly the Scandinavian manufacturers are waiting on the Canadian manufacturers for their cue. But reports from the other side give the impression that no change is expected.

Out on the west coast, Powell River Co. entered into a contract with Scripps-Howard, and offered the same contract to other publishers, to sell paper at $50 a ton on a five-year contract. As this contract was entered into only recently, it is reasonable to assume that the rest of the industry was aware of the new price policy.

While the Scandinavian and west coast producers do not necessarily follow and certainly do not set the price for the eastern manufacturers, the one-price policy is generally recognized and the price set in the East used as a standard from which there is little deviation.

So far Great Northern and other American producers which follow a price policy independent of the larger Canadian-American group have not given any indication as to what they plan to do for next year.

No Change Anticipated

Expectations are that the Canadian operators will not make any official announcement as to their price plans for 1938. Contracts will be made with the publishers, as is believed at this time, on much the same basis as a year ago, with the difference that a price will be fixed for the full year.

While many contracts come up for renewal or negotiations this fall, no large single contract is involved.

The general assumption so far is that the present policy will continue into 1939.

Cut Paperboard Prices

The question of immediate and 1939 prices is also of concern in other branches of the pulp and paper trade. Hinde & Dauch has announced a price reduction ranging from about 6% on some lines to slightly over 15% on others. This company manufactures fibre shipping boxes, corrugated paper products, paperboard and allied lines.

The company is not quoting any future prices, according to reports, all quotations being for immediate acceptance. This is interpreted as meaning that the company is uncertain as to how long the new price levels will prevail. If the expected response from buyers does not materialize, a further price cut is a possibility though it is more than likely that efforts will be made to stabilize prices at the new level.

Other companies in this field have not made any public statement as to their price policy, but in view of the prominence of Hinde & Dauch, it is assumed that the balance of the industry will meet competitive prices.

Fine Papers Reduce

Price reductions also have been put into effect in the fine paper field. All grades have not been affected, prices on book and magazine grades remaining steady.

On the claim of increasing competition from American imports, manufacturers have brought about substantial reductions on various grades which account for better than 90% of total production. The reductions range from $10 to $20 a ton on quantity sales.

This is the first reduction in prices made by the fine paper people in the past year.

Pulp Market Steady

In the pulp field the trend remains much the same. There have been signs of a slight stiffening of prices in the high-grade paper pulps, while the price for rayon pulps holds steady, though in every instance the level is under that prevailing a year ago.

Reports of late from the American pulp market indicate a better feeling, which is expected to materialize in increased shipments and higher prices. These reports have been in circulation for several weeks, but so far no change has taken place. On the other hand, demand appears to be showing signs of betterment.

As long as present conditions continue it is expected that the price structure on fine papers, paperboard, pulps and paper specialties will remain easy. In the newsprint field, conditions are somewhat different and it is the fairly confident belief that manufacturers will be able to maintain the price structure unchanged in 1939, at least for the first half, if not the full year. A change in demand and an improvement in other factors bearing upon the market, might conceivably bring about a higher price, but the prospect is not immediate.

Traffic

From Our Own Correspondent

MONTREAL. — Carloadings of pulp and paper products showed an increase in the week ended October 1 as compared with the previous seven-day period, but loadings of pulpwood continued to decline.

The returns for the first nine months of 1938 reflect the change which has taken place in the pulp and paper trade this year. Pulpwood loadings are not readily explainable. Up to October 1, 71,359 cars of pulpwood were loaded, compared with 65,796 in the same period of 1937.

Drop in Processed Goods

In the case of pulp and paper carloadings, returns show 65,999 cars loaded for the nine months, as against 102,305 for the same period the year before.

Comparative figures on carloadings of pulpwood and pulp and paper follow:

Carloadings of Pulpwood	
Week ended Oct. 1, 1938	1,069
Week ended Oct. 2, 1937	1,505
Year To Date	
1938	71,359
1937	65,796
1936	46,906
Pulp and Paper Carloadings	
Week ended Oct. 1, 1938	1,807
Week ended Oct. 2, 1937	2,494
Year To Date	
1938	65,990
1937	102,305
1936	85,159

Newsprint Exports Show Seasonal Gain in August

From Our Own Correspondent

MONTREAL.—Exports of Canadian newsprint in August amounted to 4,392,214 cwt. valued at $9,621,715, according to the Bureau of Statistics. This contrasts with shipments of 4,016,732 cwt. at $8,723,501 in July and 5,662,569 cwt. worth $10,662,990 in August, 1937.

Last month the United States took 3,639,740 cwt.; Australia, 296,877; the United Kingdom, 195,187 and New Zealand 131,165.

Quebec May Amend Wage Board Impost

From Our Own Correspondent

MONTREAL.—The Quebec Fair Wage Board may have another of its ordinances modified by the Quebec Government.

Recently the Board passed an order requiring employers to pay a levy of one half of one per cent of their wage bill. Furthermore, the impost was levied against the total wage and salary outlay of employers and not merely against wages governed by Fair Wage Board orders.

Purpose of the levy is, as provided by the Fair Wage Act, to meet administrative expenses of the Fair Wage Board. Actually, however, it would be in its present form a source of additional revenue for the Quebec Government. The proposed impost of one half of one per cent would yield considerably more than would be required by the Board for its expenses.

Storm of Protest

Announcement of the levy brought a storm of protest from business organizations, the Montreal Board of Trade and the Canadian Manufacturers' Association. These bodies pointed out the levy would increase the already heavy burden borne by Quebec industry. It would also place Quebec firms at a disadvantage in competing with Ontario firms. In Ontario the administrative expenses of the Minimum Wage Board is assumed by the provincial government.

As a result of the protests Premier Maurice Duplessis has announced the matter is being studied. It is believed the levy will be rescinded and replaced with a smaller impost. It will be recalled the Board's famous Ordinance, No. 4, fixing minimum wage scales, was revised following protests to the provincial government.

One suggested remedy is the levy should apply only to wages fixed by the Fair Wage Board. Fair Wage Board orders apply only to wages of $30 a week and less. The levy on these wages could be set so as to meet the actual revenue needs of the commission.

It is estimated the levy in its present form will yield about $2.5 millions annually. This figure is based on the yearly payroll in the province of $550 millions. From this must be deducted $50 millions of wages which are governed by collective wage agreements, leaving $500 millions to which the levy would apply. The revenue needs of the Fair Wage Board will not be anywhere near $2.5 millions annually.

Brokers Temper Views On Newsprint Stocks

From Our Own Correspondent

MONTREAL. — Newsprint stocks appear to have fully discounted the near term outlook for the industry, but nevertheless this group of stocks continue to attract a speculative following and it is possible that values may move into higher levels.

This is the fairly unanimous brokerage opinion on the outlook for "newsprints." Few, if any, of the brokers questioned think that the newsprint stocks are undervalued. Rather do they hold to the opinion that aside from their speculative possibilities there are many other stocks which offer greater investment merit and possibly as much in the way of potential capital gain. But all opinions are tempered by the view that the newsprints are popular largely because of their low unit values and the leverage behind them.

Surplus Stocks a Problem

In discussing operations the common view is that surplus supply of newsprint paper is an outstanding factor. The most hopeful look for stocks to be back to normal by the end of the year, but the majority hedge and say "early in the new year."

The passing of the international crisis and the expected reaction in the way of better business is expected to result in increased advertising and in turn higher consumption of newsprint.

Can Do Better

There is no difference on the point that with normal operating conditions, the industry would benefit very materially from the $50 price. The latter, as is well known, was put into force at a time when mill operations and consumption went off badly. Hence the industry has not yet felt the full effect of the new rate.

Along these lines Jones, Heward & Co., members of the Montreal Stock Exchange, say:

"If business continues to expand through the first part of next year, advertising linage will undoubtedly increase. Up to September, advertising linage was lagging far behind the improvement in various consumer industries. Recent figures, however, suggest that this lag is being made up. Consequently, it is possible that advertising linage may rise faster over the next four or five months in relation to business than it has since last June. This, obviously, will increase the consumption of newsprint at a more rapid rate and the natural increase during the election period will be a contributing factor.

Normal Next Year

"As long as the surplus of newsprint on hand remains much above normal, production may not fully reflect the increased consumption. We still hope, however, that during the first months of 1939 this excess supply will be eliminated. And there could be a sharper expansion in production as it comes more into line with consumption. Therefore, we think there is a possibility that newsprint consumption may expand faster than general business and, in turn, production may increase faster than consumption as inventories of paper are depleted.

"If this expansion materializes the newsprint companies for the first time in well over a decade will feel the full stimulating effect of the substantially higher price—provided that $50 newsprint is maintained.

"There are many influences which may prevent this anticipation from being fulfilled and we shall certainly call attention to less satisfactory developments if they become threateningly harmful."

Expect Better Results

O'Brien and Williams, Montreal brokers, take a similar though probably a slightly more optimistic view. This firm says:

"While actual figures are not yet available a marked increase in consumption was noted in September, and with the elimination of war fears, business generally is reflecting a return of confidence accompanied by expanding operations at an increasing rate. This will in turn result in larger advertising appropriations and a greater consumption of newsprint. The United States is also now entering its seasonal rise in newsprint consumption and taking all conditions into consideration, stocks on hand should show a more rapidly diminishing trend, with the distinct possibility that a near normal basis may be reached before the end of November.

"Another important factor has been the ability of the industry to maintain a stable price level without serious difficulty, and given a better demand through a reduction of supplies on hand, plant operations should show a corresponding increase in activity, bringing production up and resulting in improved earnings."

More Conservative Attitude

Brokerage circulars and private opinions expressed by brokers all appear to be modified by the past record of hectic swings in newsprint stock prices. Investors and speculators suffered severely as a result of the last break. Consequently there is greater tendency in brokerage circles to make a closer appraisal of values and to be less influenced by the potential earnings of the operators.

FAIRCHILD DIRECTORS

Fairchild Aircraft Ltd. announce the election of Phillip S. Gregory (left), assistant general manager of Shawinigan Water and Power Co., and Leo G. Ryan (right), president of Mallinckrodt Chemical Works, both of Montreal, as directors of the company—following the resignations of Sherman M. Fairchild and E. R. Robinson, both of New York.

Expect Seasonal Newsprint Gain

From Our Own Correspondent

MONTREAL. — Newsprint production in Canada last month is expected to aggregate around 240,000 tons, compared with 224,000 tons in August. No particulars available as to shipments, but in both production and shipments the returns should be larger if only because of the seasonal increase in activity.

Considerable interest centres around the production, shipment and consumption figures of the past month. While there was no material change in advertising linage, there was wide interest in the European situation. The September returns are expected to answer in part the general query as to what effect radio news broadcasts have had on newspaper circulation.

Finnish Trade Reports Newsprint Demand Quiet

From Our Own Correspondent

MONTREAL.—The Finnish Paper and Timber Journal reports that although there are some few small enquiries for newsprint for delivery during the remainder of the year, it looks as though most newspapers have covered their requirements until next year. For this reason the market is hardly likely to improve, unless there is a distinct increase in consumption.

Some enquiries have recently been made for shipment in 1939, says the Journal, and a few contracts have actually been closed, but most importers retain their cautious attitude toward fresh business.

Saguenay Pulp Calls Final Corporate Meeting

From Our Own Correspondent

MONTREAL. — Saguenay Pulp and Power Co. shareholders will meet in Montreal on November 9 for the purpose of fixing the remuneration of the liquidator and to receive an account of liquidation.

This company is the successor to North American Pulp and Paper which in turn became the Quebec Pulp and Paper. The company has outstanding $3.5 of preferred and $175,000 of common stock. Back in 1930 the liquidator paid 25 cents a share on the preferred. No distribution was made on the common which is of no value.

Lower Sulphur Price Helps Canadian Pulp Producers

From Our Own Correspondent

MONTREAL. — Pulp and paper manufacturers in this country will benefit from the announced reduction in the price of sulphur. On new contracts the price has been reduced from $18 to $16 a ton at the mine and from $22 to $20.50 a ton in New York. The price of export sulphur has been reduced $1 a ton.

Included in the manufacturing costs of newsprint is around 40 cents a ton for sulphur. While the new rate as announced by the Freeport Sulphur Co. is small in relation to a ton of paper, still in the aggregate it will mean a saving of several thousand dollars yearly to Canadian pulp producers.

Oriental Demand For Paper Light

War Upsets Market — Chinese Business One Third of Pre-war

From Our Own Correspondent

VANCOUVER.—Although volume of business being done in Shanghai is already back to about one third its pre-war proportions, the Chinese market for pulp and paper as well as for other Canadian products probably will remain depressed for some months, according to H. J. McKenzie, who recently returned from a tour of the Orient representing Powell River Company and Pacific Mills, British Columbia's major paper manufacturers.

Mr. McKenzie reports that Japan is really more in need of pulp and paper than China because its consuming agencies have not been so disturbed. In China, mills and newspaper plants have been destroyed and population so scattered from the larger cities that demand for paper has been greatly reduced. In Japan, despite economy measures and wholesale defiance of established forest conservation policies, there is a growing shortage of pulp and paper.

However, until Japan gets finished with the war and relaxes its exchange restrictions, there is small prospect of large scale business in that quarter, Mr. McKenzie believes.

Consolidated Paper Corp. Lengthens Transfer Time

From Our Own Correspondent

MONTREAL.—Consolidated Paper Corp. has advised the Montreal Curb Market that commencing October 15 and until further notice, shares of the company's capital stock will be received for transfer each Saturday up to 11.30 a.m.

Riordon Pulp Calls $85,900 Mortgage Bonds

MONTREAL.—Riordon Pulp & Paper Co. has drawn by lot for redemption on December 31, $85,900 of its 30-year 6% first mortgage sinking fund debentures. These bonds will be paid off at 105 and accrued interest in Canadian funds, Sterling or American funds.

With the completion of this transaction, Riordon Pulp, which is a subsidiary of Canadian International Paper, will have outstanding $288,200.

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Abitibi Power & Paper Company, Limited
TORONTO, ONT.
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Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
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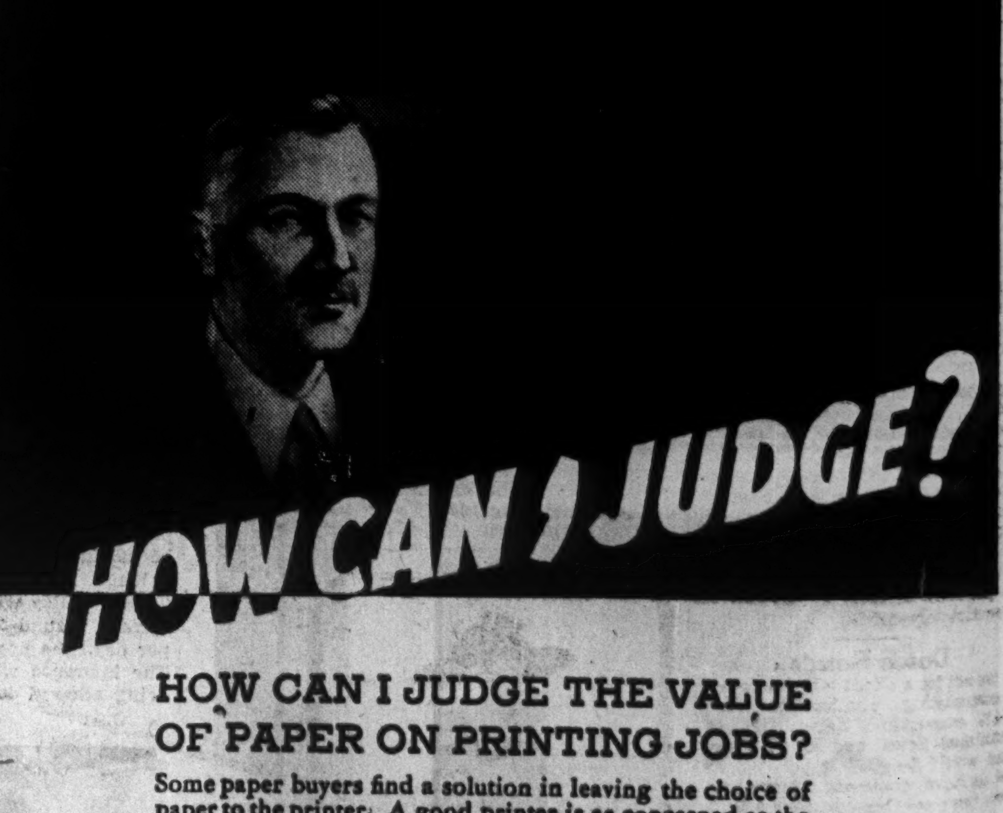

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C. P. R.

Please let me have a report on current earnings and prospects for C.P.R. common.

Prospects of the ordinary shares of Canadian Pacific Railway are rather difficult to analyze. Not only is the Canadian railway situation unsatisfactory, but the earning power of the C.P.R. has been impaired in recent years.

This is reflected in the market value of the shares. While there has been a moderate improvement in earnings in the last five or six years, the company still is not in a position to resume dividends on the junior equity. For 1937 earnings on the ordinary shares amounted to 30 cents, as against 4 cents a share the year before.

While the heavier wheat crop this year considerably enhances the outlook for the company, still it is doubtful if there will be any improvement in earnings for 1938. Up to the end of July net operating revenue at $3,188,366 was $6,167,247 under that for the like period of 1937. Since August 14 traffic earnings have shown a consistent increase over the like period last year, which leads to the hope that returns for the full year will be considerably better than was indicated up to the end of July. Just recently the company announced certain staff reductions and economies to compensate for reduced business volume.

The outlook for the ordinary shares does not warrant undue pessimism, still at this time they cannot be regarded as other than a long-hold proposition.

Ontario Silknit

Would you please let me have your opinion regarding the prospects for Ontario Silknit preferred?

The company experienced a poor year in 1937, net profits amounting to $16,211 which was the lowest since 1932. A surplus of $117,108 was shown at the end of 1937.

Although business for the current year to date is considerably below that of last year there is evidence of improvement recently in the orders being received for fall delivery.

The quarterly payment on the preference shares due March 15, 1938, was deferred, and there does not appear to be much indication of resumption of payments at this time.

The company's plant is in Toronto and there are subsidiaries operating at Sydney, Australia and London, England.

The uncertainties that surround the textile industry in the possibility of a scaling down of tariff is a question in the mind of the investor at the moment. Should a trade agreement with the United States reduce tariff, the textile industry would receive keener competition from manufacturers in that country.

Western Savings

I have been asked to buy the installment certificates of Western Savings and Loan Association and would appreciate your comment.

The association, in operation since 1927, operates under provincial jurisdiction in Manitoba, Alberta, Saskatchewan and Quebec, and its investments are restricted to Dominion, provincial and municipal bonds, first mortgage and securities of loan companies whose investments are also limited to those permitted to the association itself.

Regulations of the association provide that 110% of its liabilities must be maintained in securities, a provision with which the company has conformed by maintaining the ratio at from 125% to 130%.

The association sells savings certificates payable with regular installments. Rates of interest on installment certificates are 4½% annually and 4% on other certificates.

Assets at June 30, 1938, amounted to $1.7 million, as compared with $1.5 million at Dec. 31, 1937. Government bonds and other securities increased to $1.1 million from $839,875; cash increased to $85,003 from $80,678; certificate loans increased to $48,475 from $38,742; first mortgage decreased to $408,282 from $428,365. Real estate was shown in the balance sheet at $1, as well as furniture and fixtures.

Liability to certificate holders, together with accrued interest, amounted to $1.3 million at June 30. Capital surplus and reserves totalled $332,757.

Assets in both periods showed coverage of certificate liability of approximately 125%.

Dosco Bonds

We act for a client who has been contemplating purchasing some 6¼% convertible debentures of Dominion Steel and Coal Corp. and would be glad if you would let us have whatever information you have on this company.

Dominion Steel and Coal. Corp. 6¼% convertible debentures are regarded as an interesting investment. At the end of last year there were $4,408,000 of these bonds outstanding. During 1937 interest charges were earned 6.60 times after sinking fund, depreciation and depletion. In the three years previously, interest charges were earned on an average of about 0.50 times on the same basis. Indications are that for the current year the company will cover interest charges after providing in full for reserves. These bonds are of interest for several reasons. They are payable as to interest and sinking fund in sterling or Canadian funds. Interest is only paid if earned. Holders will also receive, pro rata, an amount equal to 10% of any payment to class B shareholders over and above the rate of $1.50 a share per annum. The bonds are callable at 110 and are convertible into class B stock on the basis of four shares for each $100 principal amount of bonds. The bonds not only give a relatively high yield, but the right to convert and to participate in dividends with the common give them an added attraction which at some future date might prove of definite value.

These bonds are secured by a fixed charge upon all real estate and fixed assets of the corporation, present and future, and a floating charge upon the undertaking and all other assets of the corporation, subject only to $3.5 million prior lien securities, which are held in the treasury of the company, and can be issued as security against bank loans.

Alberta Bonds

Is there anything to be gained by continuing to refrain from cashing Province of Alberta bond coupons?

It is difficult to say whether anything is to be gained by refusing to cash Province of Alberta bond coupons. This depends on the ultimate outcome of the Alberta situation. No doubt you are aware that the Alberta bondholders' protective committee has advised against the cashing of coupons. We are informed that about 85% of the holders of Alberta bonds are refraining from doing so. In cashing your coupons you will be surrendering all rights and it is always possible some favorable adjustment will be made in the future.

Champlain Oil

We would like you to tell us, if possible, what happened to the Champlain Oil Co., and whether any of the shares are outstanding in the hands of the public at the present time?

Champlain Oil Co. is still in existence, but there has been no public investment interest in this company since the end of 1935. Previously the capital stock consisted of 150,000 no par common shares authorized and issued and one million no par preferred shares authorized, of which 500,000 shares were outstanding. On October 31, 1935, the preferred was redeemed at $7.50 a share, together with accrued dividends. At the same time the balance of the authorized but unissued preferred stock, held in the treasury, was converted into common stock and sold at $7.65 a share net to the company which was sufficient to redeem the preferred stock. The company now has outstanding 560,000 shares of no par value common stock, all of which is closely held.

C. S. L. Bonds

Do you regard Canada Steamship Lines bonds as a conservative investment? The yield at present prices is particularly attractive.

Canada Steamship Lines 5% bonds can hardly be regarded as "a conservative investment." This is indicated by the very fact the bonds are selling at a discount. If they were a conservative investment, the yield would not be as high as at present.

As a result of the reorganization plan implemented in 1937, fixed changes and depreciation provision of the company were greatly reduced. Reduction in these charges together with improvement in revenues enabled the company in 1937 to report a net profit of $235,495, compared with a net loss of $1,659,960 in the preceding year. Bond interest was earned 3.63 times before depreciation and 1.72 times after depreciation. Working capital at the end of 1937 amounted to $681,247 whereas current liabilities exceeded current assets in the previous year.

The past history of the enterprise has not been particularly inspiring. However, the basic trouble, namely heavy debt charges has been eliminated. It is expected the company will have no difficulty in earning interest charges under normal conditions.

Bathurst

Will you please forward us an up-to-date report on Bathurst Power & Paper Co.?

Bathurst Power & Paper Co. has been handling a satisfactory volume of business this year in view of the prevailing conditions. It is hardly to be expected, however, that earnings will be as large as in 1937, which were the highest in the present company's history. Due to its policy of diversification, the company built up sales in 1937, to $3.9 millions, or almost double the 1936 figure. Net profits last year were $454,147, with $47,745 in 1936, and $134,703 in 1928, which was the company's best previous year.

In view of the improved earning power, the company paid a dividend of 25 cents a share on the class A stock last December. The management has no fixed dividend policy, and further payment will depend upon the outcome of the current year's operations. The financial position of the company is satisfactory, net working capital amounting to nearly $1.9 million, and with the restoration of more normal conditions in the pulp and paper trade, the company should be able to establish an adequate earning power on its class A stock.

Minas Basin Power

Would you kindly send information on Minas Basin Power?

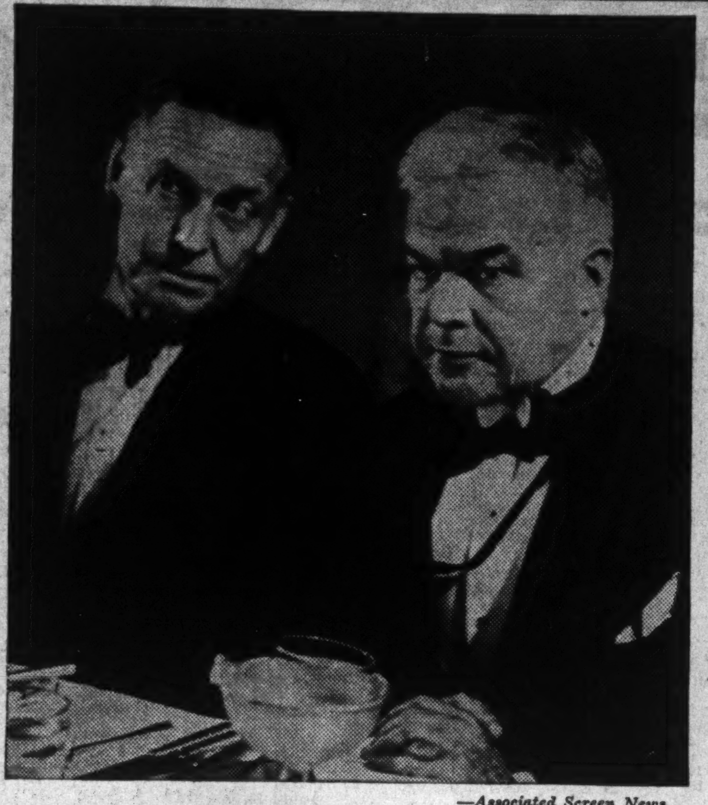
Minas Basin Pulp & Power Co. operates a groundwood pulp mill at Hantsport, N.S., a large proportion of the output of which has been contracted for under long-term agreement by the Scott Paper Co. Recently the company extended plant facilities. A new power plant of 2,900 h.p. capacity was built, bringing the available power supply up to 7,100 h.p. installed. The capacity can be increased to 10,000 h.p. at a minimum of expense. In addition, the pulp plant has been extended, increasing the capacity by approximately 50%. This expansion was provided in part out of earnings and in part through the sale of serial notes. It is possible that this capital expenditure will be funded on a more permanent basis later on. As at the end of 1937 the company's balance sheet showed assets of $1,721,460, with fixed assets accounting for $1,516,390. The working capital position naturally was affected by the capital outlay. The income account for 1937 shows that after providing for all interest charges and depreciation, there was a balance of $22,236. In addition to its power and paper and pulp properties, Minas Basin has an interest in Canadian Keyes Fibre Co. and the Annapolis Basin Pulp & Power Co., as well as the Maple Leaf Lumber Company.

Inter. Hydro System

I am told the 6% debentures of International Hydro-Electric System may be called at 103. Since they are selling at about 75 they would appear to be a wonderful buy. Is there anything to the story they may be called?

The 6% convertible gold debentures of International Hydro-Electric System are callable at 103, but there is little or no possibility of such action being taken. The company has not the resources to redeem the bonds, and it is not in a strong enough financial position to carry out a refunding operation at the present time. This is indicated by the very price at which the bonds are selling.

The company has reported substantial deficits in recent years. In 1937, there was a net loss of $1,068,208, after deducting expenses, taxes, and debentures. In 1936, the net loss amounted to $1,180,388. Recently the outlook for the company has improved as a result of declaration of common dividends by Gatineau Power Co.



—Associated Screen News.

Accounting and Transportation—Immediate past-president George C. McDonald, of the Canadian Chamber of Commerce, shares with Sir Edward Beatty an obvious concern about some weighty problem at the annual dinner of the C. of C. at Seigniory Club, P.Q.

Ottawa Waiting for Tempers To Cool on Seaway Question

From Our Own Correspondent

OTTAWA.—Prime Minister Mackenzie King's statement last week on the Seaways issue that the Canadian Government would "let matters take their course and see what happened" has revived speculation.

However inadequate, it is the Prime Minister's first reference to the Seaways since his proposal to Premier Hepburn of Aug. 30 for a conference of experts to thrash out the differences between the province and the Dominion. This invitation was not accepted.

Let Tempers Cool

In some quarters Mr. King's use of the word "course" is taken to indicate that the Government may proceed to negotiate with Washington on the basis of President Roosevelt's proposals last May without further reference to Queen's Park. The more generally accepted interpretation, however, is that Ottawa will let matters rest temporarily to allow tempers or temper to cool and then attempt quietly to bring Mr. Hepburn to a frame of mind where Dominion-provincial negotiations would be possible.

Such a course would be more consistent with Mr. King's declared policy of continuing attempts to "clear away the obstacles to the province's freedom to develop its own resources at its own discretion, however, long and complicated the task may be."

Under the terms of the Roosevelt proposal the Canadian Government is in a position to offer fairly generous terms to Ontario so far as water power development is concerned. It can even meet Mr. Hepburn's argument on surplus power with the assurance that the province will not be called upon to put up a cent for the development until nearly 10 years after the signing of the treaty.

If Mr. Hepburn remains obdurate, however, it is believed that the Government contemplates a final move to meet Mr. Roosevelt's wishes at least to the point of opening negotiations.

Could Go Ahead

Legally Canada could go ahead on firm ground to the point of signing the treaty and proceeding with construction on the international section. The first point of dispute would be reached with the consequent development of water power, some of which, incidentally, would inevitably be used in operation of locks, etc. The right to this water power was among the points in the court references of 1928 which were never carried to the Privy Council. The decisions, however, were interpreted here as favorable to the Dominion.

To go farther, and perhaps into the realm of academic interest, Government legal advisers believe that the Dominion could put up a strong case for the right to develop and export the total 1,100,000 h.p. in the international section since this power, it might be argued, was incidental to navigation. This would, of course, involve a long and intriguing argument on whether the St. Lawrence Seaways project is primarily a water power or a navigation project.

Nanaimo Utility Record Growth

Output and Earnings for 1937-38 Continue Upward Trend

From Our Own Correspondent

MONTREAL.—Nanaimo Duncan Utilities Ltd. report a further expansion in operations and earnings during the year ended June 30, 1938. Gross revenue for the year amounted to $340,487, an increase of $51,648 over the previous year. Net profit available on the capital stock totalled $68,894, as against $53,384 the year before.

Earnings on the 8,000 preference shares, of $50 par value outstanding were $8.61 a share, and 86 cents on the 50,000 no par value common shares outstanding, as against $6.67 and 55 cents, respectively, in the 1937 fiscal year.

During the past year power sales increased to 9,462,548 kw.h., compared with 7,085,336 kwh. the year previously. Electric customers increased by 399 and water customers by 59. In view of this improvement the company put into effect a rate reduction of 5%, effective on May 1.

Better Working Capital

The balance sheet as at the end of last June reflects the expansion of operations, and earnings. Net working capital advanced from $28,331 to $36,105. Investment in property account increased from $986,955 to $1,079,561.

During the year the direct funded debt was reduced from $517,500 to $510,500. The liability to the city of Duncan declined from $44,417 to $38,083.

Comparative figures on the profit and loss account follow:

Income and Surplus Account
Years Ended June 30

	1938 $	1937 $
Gross income	340,487	288,839
Oper. expenses	210,945	156,153
Net revenue	129,542	132,686
Other income	1,317	2,213
Total income	130,859	134,899
Interest, taxes, etc.	61,965	81,515
Net profit	68,894	53,384
Less: Pfd. dividends	26,000	26,000
Com. dividends	12,500	12,500
Surplus	30,394	14,884
Previous surplus	46,016	31,132
Surplus forward	76,410	46,016

Working Capital

	1938 $	1937 $
Current assets	112,035	101,651
Current liabilities	75,930	73,320
Working capital	36,105	28,331

Montreal School Board Has $109,815 Surplus

From Our Own Correspondent

MONTREAL.—Montreal Board of Protestant School Commissioners reports a surplus of $109,815 for the year ended June 30 last. This favorable showing was achieved despite an increase of $114,077 in salary payments to employees.

Teachers' salaries amounted to $1,576,511, compared with $1,538,687 in the previous year. Maintenance and administrative expenses increased from $476,664 to $504,535. Fixed charges were reduced from $721,946 to $679,419.

The annual reports show an excess of assets over liabilities of $3,699,897.

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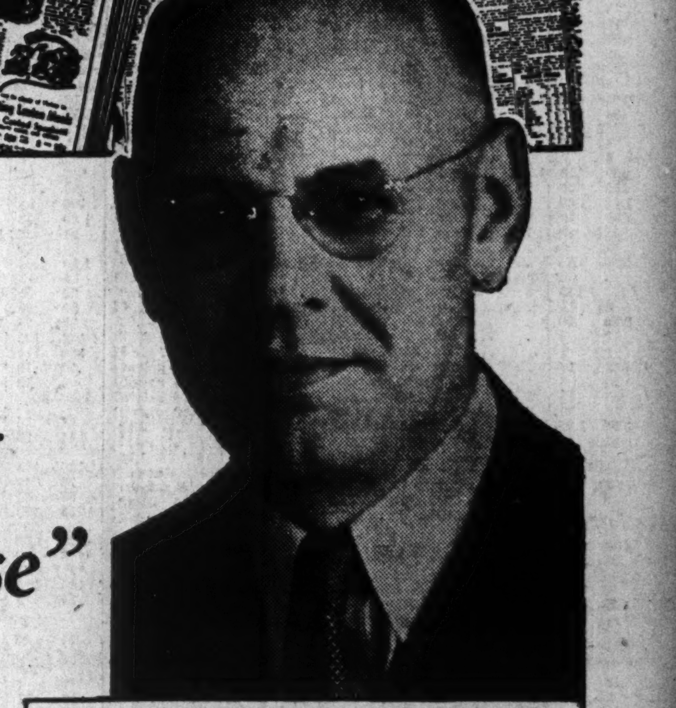

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"Enthusiastically planned 'big drives' leave me cold when the message reaches only a sprinkling of my customers. They move merchandise too slowly to pay for shelf room, and enthusiastic salesmen having only such remote advertising behind their product find I no longer gamble on 'stocking up'."

W. R. Gowman

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Kitchener Record
Niagara Falls Review
Oshawa Times
Owen Sound Sun Times
Peterborough Examiner
St. Catharines Standard
St. Thomas Times-Journal
Sarnia Canadian Observer
Stratford Beacon-Herald
Timmins Press
Welland-Port Colborne Tribune
Woodstock Sentinel-Review

STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 10

Range 1938 High	Low	Div Oct 8 R'te $	Y'ld %		Sales	Last Oct. 3	Week end. Oct. 10 H	L	Cl'se
				A					
4.75	1.00	*	...	Abitibi	67585	3.37	4.25	3.00	4.00
33	8½	*	...	Do. pref. 6%	23653	23½	33	21½	31½
38	25	*	...	Do. pref. 7%	10	27	35	35	35
26½	9	.	...	Do. cert. dep.	150	21½	22½	22½	22½
4½	4½	30c	...	Acadia Sugar	....	(3 bid 4½ asked)			
7	5	50c	...	Acme Glove	....	(4 bid 6 asked)			
62	60	6.50	10.8	Do. pref.	....	(— bid 75 asked)			
11	8½	60+20c	8	Agnew Surp.	....	(9½ bid 11 asked)			
110	103	7	6.7	Do. pref.	....	(104 bid 110 asked)			
5½	2	.	...	Alta. Pac. Gr.	350	2½	4	3	3
29	10½	.	...	Do. pref.	15	20	25	25	25
127	75	.	...	Aluminum	....	128½ bid 131½ asked			
107	107	6	5.6	Do. pref.	....	106 bid 109½ asked			
3	2	.	...	Amal. Electric.	....	(— bid 3 asked)			
30	25	.	...	Do. pref.	....	(25 bid — asked)			
26½	23	60+$1	..	Amer. Cyn. B.	....	(— bid 25 asked)			
95	47	2+1.50	3.7	Asbestos	5148	87	95	86½	95
16	11½	80+25c	6.7	Assoc. Brew.	665	13½	15½	15	15
113	106	7	6.2	Do. pref.	....	(111½ bid — asked)			
6½	6½	..	...	Assoc. T. & T.A.	....	(— bid 8 asked)			
43½	34	84c	...	Do. pref.	....	(— bid 37½ asked)			
101	100	5.50	5.5	Ault & Wiborg.	....	(100 bid — asked)			
				B					
164	160	8	4.9	Bk. Can. Nat.	6	162	161	161	161
223	195	8	3.7	Bk. Montreal	64	212	218	214	218
310½	290	12	4	Bk. N. Scotia	36	300	305	302	305
249	227	10	4.2	Bk. Toronto	15	238	238	238	238
6	5	.	...	Barcelona	....	(4½ bid 14 asked)			
9	4½	.	...	Barker's Bread.	100	5	5½	5½	5½
40	30	2.50	8.3	Do. pref.	....	(25 bid 40 asked)			
11½	6½	25c	...	Bathurst Pr.	2270	9½	10½	9½	10½
5	2	.	...	Do. (B)	618	3½	4	3½	4
2½	1	.	...	Bawlf Grain	250	1½	1½	1½	1½
29	15	.	...	Do. pref.	....	(15 bid 24 asked)			
2	2	.	...	Beath & Sons	....	(1½ bid 2 asked)			
15	6½	.	...	Beatty Bros. A.	100	9	9½	9	9
106	90	6	5.9	Do. pref.	25	100	102	100½	102
105	90	7	7.2	Do. 2nd pref.	....	(— bid 99 asked)			
5½	2	.	...	Beauharnois	3520	3½	4	3½	3½
*107	100	4	3.8	Belding Cort.	....	(— bid 100 asked)			
135	129	7	5.3	Do. pref.	5	131	131	131	131
166½	146½	8	4.8	Bell Telephone	1365	165	166½	164	166½
11½	6½	50+12½c	7.9	Biltmore Hats	250	7½	7½	7½	7½
5	3	.	...	Blue Ribbon	....	(3½ bid 4 asked)			
35	25	2	7.2	Do. pref.	....	(27 bid 28 asked)			
25	21	1.30	5.4	Brant. Cord. pf.	....	(— bid 24 asked)			
14½	7½	1	7.7	Brazilian Tr.	12303	11½	13	11½	12½
7½	4	50+50c	..	Brew. & Distil.	42	4½	4½	4	4
6	5½	30c	6	Bright, T. G.	....	(4½ bid — asked)			
80	77	6	7.8	Do. pref.	....	(77 Aug. 9)			
21½	16½	1	4.7	Brit. Amer. Oil	4169	20½	21½	20½	21
16	9	.	...	B. C. Packers	161	12	13	12	13

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Oct. 11, 1938

Public Utility Issues:	Int. Rate %	Due	Bid Oct. 11	Asked	Bid Oct. 4
†Assoc. Tel. & T.	5½	'55	76	79	76
Beauharnois P.	5	'73	95½	...	88
B. C. Power	4½	'60	100	103	99
B. C. Telephone	4½	'61	105½	108½	105
†Calgary Power	5	'60	100½	103½	99
Do.	5	'64	99	102	98½
†Can. Nor. Pwr.	5	'53	103½	106½	103
‡Dom. Gas & El.	6½	'45	87	90	84½
‡Gatineau Pwr.	5	'56	104	107	103½
Gt. Lakes Pwr.	4½	'56	97	100	96½
‡Inter. Hydro-E.	6	'44	78	81	76½
▲Inter. Power	6	'55	100½	103½	100
†Macl'n-Que. Pr.	5½	'61	102½	105½	102
Do.	5½	'64	102½	105½	101½
Mtl. L., H. & P.	3½	'56	100½	103½	100
Do.	3½	'73	96½	99½	95½
†Mtl. Tramways	5	'41	98	101	98
†Do.	5	'55	74	77	73
Nat. Lt. & Pwr.	6	'49	93	96	91
N. S. Lt. & Pr.	4	'57	99½	102½	99
‡Ottawa Light Heat & Pwr.	4	'57	100	103	99½
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	100½	103½	99½
Quebec Power.	4	'62	97	100	96½
§Saguenay Pr., A	4½	'66	103½	106½	103½
Do., B	4½	'66	103	106	103
Shaw. W. & Pr.	4	'61	100	103	100
Union Gas	4½	'50	100	103	100
Wpg. El. Ser. A	4	'65	64	67	61
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	70	73	63
Acadia Sugar	4½	'55	101	104	101
†Alta. Pa. Grain	6	'46	89½	92½	88
Atlantic Sugar.	4	'51	99	102	99
B. A. Oil	4	'45	102½	105½	102½
†B. C. P. & Pap.	6	'50	83	86	82½
§Brown Co.	5½	'46	59½	62½	59½
†Burns & Co.	5	'58	57½	60½	54
Canada Bread	6	'41	107½	110½	107
Canada Cement	4½	'51	102	105	101½
Canada Paper	4½	'52	98	101	96½
Can. Steamship	5	'57	82½	85½	82
Candn. Canners	4	'51	99½	102½	99
‡Can. Int. Paper	6	'49	98	101	97
‡Candn. Vickers	6	'47	95½	98½	96
C. P. R.	3½	'51	88½	91½	86½
Do.	4	'49	91½	94½	90
Do.	4½	'44	95	98	94
Do.	6	'42	102½	105½	102½
Do., debs.	4	perp.	81	84	80
†Consol. Paper	5½	'61	54	57	51
Dom. Coal	4½	'52	102	105	102
▲Dom. Stl. & C.	6½	'55	102	105	99
Dom. Tar	4½	'51	99½	102½	99
†Donnacona P.	4½	'56	73½	76½	72½
Famous Players	4½	'51	97	100	96½
†Federal Grain	6	'49	94	97	94
†Fraser Cos.	6	'50	98½	101½	98
Gen. Stl. Wares	4½	'52	95½	98½	94½
‡Great Lakes P.	5	'55	90	93	89
†Gypsum, Lime.	5½	'48	97½	100½	96
Ham. By-Pr. C.	5	'55	99	102	99
Inter-City Bak.	5½	'48	102	105	102
‡Inter. P. & P. Nfld.	4½	'68	99½	102½	99
Lake St. John P. & P.	5½	'61	91½	94½	88
†Massey-Harris	5	'47	99	102	98
†McColl-Fron.	4½	'49	98	101	...
McCormick's	4	'52	81½	84½	81
‡M. & O. Paper	6	'45	39½	42½	36
Nat. Grocers	4	'47	100	...	100
†N.S. Stl. & C.	3½	'63	76½	79½	76½
†Do., debs.	6	'63	...	...	...
Price Bros.	5	'57	96	99	94½
‡Prov. Paper	5½	'47	101	104	101
‡Restigouche Co.	6	'48	96½	99½	95
Rolland Paper.	4½	'51	102	105	102
Simpsons Ltd.	4½	'51	97	100	96½
Smith, Howard	4½	'51	102	105	102
†Steel of Can.	6	'40	108	111	107½
‡United Gas	5½	'48	102	105	102
United Gr. Grs.	5	'48	89½	92½	90
†Western Gr.	6	'49	35	40	35

‡ Payable in Canada or U.S.

† Payable in Can., U.S. or U.K.

▲ Payable in Can. or U.K.

§ Payable in U.S. only.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Oct. 11, 1938

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, 6% pfd.	4.50	5.00
Acme Farmers Dairy, pfd.	16.00	20.00
Algoma Steel, com.	11.00	12.00
Do., pfd.	54.50	58.00
Andian National	41.00	42.50
Anglo Can. Tel., A	8.30	8.75
Barrymore Cloth, pfd.	17.00	24.00
B. C. Pulp & Paper, com.	*13.50	16.00
Do., pfd.	*49.00	54.00
Burns & Co., A	5.50	6.50
Do., B	2.75	3.50
Can. Airways	1.15	2.00
Can. Goodrich, com.	1.00	....
Can. Industries, A com.	215.00	....
Can. Ingersoll Rand	120.00	127.00
Can. Tube & Steel, com.	4.50	6.00
Do., 1st pfd.	62.00	67.00
Chase, A. W., pfd. bonus	25.50	27.00
Claude Neon, pfd.	4.75	5.50
Cons. Sales Book, pfd. bon.	80.00	....
Copeland Flour Units	5.00	6.50
Corrugated Paper Box, com.	1.25	2.50
Do., rts.	....	3.00
Dom. Manufacturers, com.	3.00	5.00
Do., pfd.	60.00	65.00
Dominion Woollens, pfd.	.75	1.00
Dunlop Tire, pfd. par $25	18.75	20.25
Easy Washing, pfd.	8.50	10.00
Federal Grain, com.	1.50	2.00
Do., pfd.	23.00	26.00
Goderich Elevator	6.30	7.00
Guelph Carpet, pfd.	103.50	105.50
Do., com.	16.50	18.50
Hayes Steel Prod., com.	7.00	8.00
Do., pfd.	7.75	9.00
Highland Dairy, pfd.	41.00	47.00
Kingston Shipbuild. Units	9.50	10.50
Loblaw Inc., pfd. bonus	71.00	74.00
Morrison Brass, pfd. bonus.	5.50	6.75
Morrow Screw, pfd. bonus	93.25	98.00
Neilson, Wm., com.	6.00	8.00
Do., pfd.	97.00	....
New Brunswick Tel., com.	12.25	13.00
New Meth. Laund., pfd. bon.	50.00	55.00
Niag. Lower Arch Bridge, c.	68.00	....
Paterson, Wm., pref.	100.00	103.00
Provincial Paper, pfd.	101.00	102.50
Reliance Grain, pfd.	49.00	53.00
Rob. Cons. Cone	8.00	9.00
Ruddy, E. L., pfd.	25.00	28.00
Seal O Sac (Can.)	3.75	4.50
Standard Fuel, com.	2.00	4.00
Do., pfd.	54.00	57.00
Stedman Bros., pfd. par $50	54.00	56.00
Supertest Pete., B pfd.	27.00	29.00
Toronto Carpet, com.	28.50	32.00
Do., pfd.	56.00	59.00
United Farmers Co-op.	2.50	3.00
United Steel, A pfd.	19.50	21.00
Viceroy Mfg., pfd. & rts.	18.50	21.00
Western Grain, pfd. bonus.	5.00	6.50
Western Steel Prod., com.	9.00	10.00
Weston (Geo.) Foods (Eng.)	4.00	....
Willards Choc., pfd.	40.00	....
Trusts and Loan Stocks:		
British Mortgage	139.00	142.00
Commercial Finance, com.	2.65	3.00
Guelph & Ont. Inv., par $50	52.00	55.00
London & West. Trust	35.00	....
Premier Trust	....	110.00
Sherbrooke Trust	120.00	....
Sterling Trust	43.00	48.00
Traders Fin., A com.	13.75	15.50
Do., A pfd.	81.00	85.00
Do., A, 6% pfd. W.R.	90.00	96.00
Do., B, 7% pfd. W.R.	92.00	97.00
Trusts & Guarantee	25.00	28.50
Insurance Stocks:		
Canada Life	480.00	500.00
Canadian Ins. Shares	19.00	21.00
Confed. Life 25% pd.	135.00	150.00
Continental Life	32.00	....
Crown Life Fully Pd.	205.00	....
Dominion Fire Ins.	130.00	....
Dom. of Can. Gen. Ins.	106.00	112.00
Empire Life 25% pd.	10.00	11.00
Excelsior Life 30% pd.	58.00	63.00
Federal Fire 25% pd.	45.50	....
Great West Life	290.00	310.00
Imperial Life	315.00	335.00
Manufacturers Life	235.00	250.00
Monarch Life 10% pd.	24.00	26.00
Sovereign Life 25% pd.	13.00	16.00
Sun Life	480.00	510.00
Toronto General	5.25	6.00
Western Assce., pfd.	41.00	44.00
Do., com.	48.00	52.00
Theatre Stocks:		
Allens Kingston, pfd.	62.50	66.00
Do., London, pfd.	53.50	57.00
Do., St. Catharines, pfd.	61.50	65.00
Do., Tor., pfd. bonus com.	33.00	....
Mansfield Theatre, pfd.	24.00	27.00
Paramount Kitchener, pfd.	47.50	50.00
Do., Oshawa, pfd.	88.00	92.00
Investment Trust Shares:		
Can. Invest. Fund	4.00	4.40
Can. Investors	6.00	7.00
Invest. Found. Units	53.00	55.50
Lon. Can. Inv., com.	2.00	4.00
Do., pfd.	32.00	37.00
Sec's. Hold. Corp., pfd. bon.	16.00	18.00
United Corp., A	19.00	21.00
Do., B	9.75	11.00
Power Issues:		
Can. West. Nat. Gas, com.	23.50	27.00
Do., pfd.	92.00	95.00
Great Lakes Power, pfd.	98.00	102.50
Inter. Util., $7 pfd.	85.00	89.00
Montreal Island Power, pfd.	18.25	20.00
Northern Ont. Power, pfd.	96.00	100.00

Winnipeg Stocks

(Transactions from Oct. 3 to Oct. 8)

	Sales	High for period	Low for period	Close Oct. 8
Candn. Fire	140	81.25	81.25	81.25
Cryderman	2,000	.00½	.00½	.00½
Flin Flon	10,500	.03½	.03½	.03½
Gurney Gold	10,650	.11½	.09	.11
Gt. Falls M.	2,000	.06	.05½	.05½
Ore Grande	1,000	.02½	.02½	.02½
Shenango	2,200	.39½	.35	.35½
Sachigo R.	485	20.75	16.37	20.00
Star Lake	19,000	.02	.01½	.01½
Sunbeam K.	500	.34	.33	.34
United Grain	57	7.00	6.50	6.50
West. Steel	50	9.00	9.00	9.00
Wingold	4,000	.03½	.03½	.03½
West. Grain, pf.	17	6.00	5.75	5.75
Wings	300	.40	.35	.40
Do., Vot. Tr.	1,100	.35	.35	.35
Wpg. River Tin	1,500	.01½	.01	.01½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Cres. Cream., pf.	...	12
Home Investment	...	20
Nor. Mtge., part pd.	2	...
Nor. Can. Mtge., p.	3	...
Traders Bldg.	81½	..
Western Brew.	1½	2¼

*Stocks more active on other exchanges not included.

Municipal Bonds

Oct. 11, 1938

†Halifax	5	1961	112.00	114.00	4.06
Hamilton	5	1950	108.00	109.50	4.00
Montreal	5	1945	104.00	105.50	4.01
Ottawa	4½	1945	108.25	109.75	2.90
†Quebec	5	1959	105.50	107.50	4.45
Saint John	5	1950	106.00	107.50	4.17
†Toronto	4½	1955	112.50	114.50	3.35
†Vancouver	5	1950	87.00	90.00	6.23
Winnipeg	5	1944	97.00	100.00	5.00

†Payable Can. and N.Y.

Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines
Oct. 11	38,700	62,000	692,000
Oct. 10	—Holiday—		
Oct. 8	27,900	31,300	465,000
Oct. 7	44,100	75,000	596,000
Oct. 6	102,100	75,000	798,000
Oct. 5	66,300	74,500	937,000

Public Utility Earnings

Mexican Light and Power

August:	1938 $	1937 $	Decrease $
Gross earn.	618,847	759,583	140,736
Oper. exp.	483,995	575,339	91,344
Net earn.	134,852	184,244	49,392
Eight Months—			
Gross earn.	5,550,975	5,885,158	334,183
Net earn.	1,430,376	1,573,631	143,255

Unlisted Mines

TORONTO

October 11, 1938

	Bid	Ask		Bid	Ask		Bid	Ask
Addington	.14	.15	Hiawath.	1.05	1.15	Planet	.04½	.06
Albany R.	.24	.26	Hutch. Lake	.04	.04½	Pontiac R.	.18½	.20
Algoma S.	.21	.23	Hugh PP.	.12	.14	Pelangio	.03	.05
Amorada	.02	.04	Keora	.02½	.03½	Polaris	.33	.35
Arjon	.02½	.03½	Kaw Crow	.02½	.03	Proprity	1.95	2.00
Armistice	.03½	.04½	Kenricia	.28	.30	Presdor	.04	.05
Argosy	.04½	.04½	Kewagam	.14	.15½	Que. Mani.	.16	.18
Arno	.01½	.02½	Kirvit	.02½	.02½	Rand Mal.	.23	.25
Althona	.05½	.06	Kirk. Gate	.09	.12	Rajah	.03½	.05
Area	.12½	.13	Kirk. Hunt.	.01½	.02	New Rib.	.03½	.04½
Barb. Lar.	.17	.17½	Lacoma	.02½	.03½	Red L. G.	.02	.03½
Big Master	.02½	.03½	Lafayette	.01½	.01½	Rayolite	.06	.08
Bilmac	.06	.07	Lake Duf.	.81	.83	Richrock	.06	.07
Baldwin	.01½	.02	Lake Gen.	.20	.23	Ronda	.16	.19
Buf. Bear	..	.14	Lake Rose	.06	.08	Rouyn Re.	.02	.03½
Cuniptau	.06	.06½	Lamaque	6.50	6.80	Rubec	.01½	.02
Calder Bo.	.03½	.04	Lardego	.05½	.05½	Sachigo	19.50	20.00
Camlaren	.13	.15	Luck Kirk.	.04½	.06	Shenango	.35	.37
Can. Pan.	.04	.04½	Mag. Lake	.08	.10	Sheldon	.08½	.09½
Can. Kirk.	.01	.01½	Mag. Cons.	.50	.55	Silver Val.	.04½	.05½
Capital Ro.	.03½	.03½	Manco	.01½	.01½	Siscoe Ex.	.05½	.06½
Cent. Man.	.03½	.04½	Martin Bd.	.13	.14	Smelter	.03½	.04
Cheminis	.07	.08	Mat. Can.	.05	.05½	So. Vermil.	.04	.05
Coin Lake	.03	.04	Mof. Hall n.	.05	.06	Spooner	.08	.08½
Crowshr.	.10½	.11½	McFarl. LL.	.02	.02½	Sturg. R.	.31	.33
Cont. Kirk.	.20	.22	McCar. W.	.06½	.07½	Sunbeam	.32	.35
Dawson	.02½	.03½	McVit. K.	.02	.02½	Sunbear	.02	.03½
Delandore	.04	.06	Monarch	.01½	.02½	Surf Inlet	.13	.15
De Sant n	.22	.25	Mosher	.18	.19	Springer	.07	.08
Doreva	.05½	.06½	Mooshla	.05	.06	Tonawanda	.03½	.04½
Devon	.22½	.25	Norlake	.03½	.04	Upper Can.	.06	.08
Dunlop n.	.02	.02½	Norbeau	.90	.93	Virita	.02	.03½
Elmos	.28	.31	Negus	.75	.85	Williamson	.02½	.07
Frontier	.05½	.06½	Nor. Shores	.01½	.02	Wesley	.08	.12
Gate Patr.	.02½	.03	Oklend	.30	.32	Wells L. L.	.10	.12½
Gilbec	.01	.01½	O'L. Mal.	.03½	.04	Westside	.02½	.03
Goldside	.01	.01½	Opemiska	.11	.14	Westwood	.08	.09
Golden G.	.45	.47	Oriole	.04½	.04½	White Hor.	.03	.06
Golden T.	..	.06	Ossian	.04½	.04½	Winoga	.05½	.06½
Gordon L.	.03½	.04½	Pascalis	.39	.41	Woco	.11	.13
Hallnor	9.00	9.75	Porc. Lake	.09	.11	Y. David	.26	.27
Halliwell	.05½	.06½	Porc. McN.	.02	.02½	Y. Shann.	.02½	.03
Hislop	.03½	.04½	Plains Pe.	.75	1.00			

MONTREAL

October 4, 1938

	Bid	Ask.		Bid	Ask.		Bid	Ask.
Abbeyville	.12	.14	Dorval Units	..	8.50	Obalski	.08	.09
Amity	..	.01½	Lake Rowan	.11	.13	Pan. Canadian.	.08	.10
Brown Cadillac	.01	.02	L. L. Lagoon	.03½	.05	Routhier Cad.	..	.04
Chibmac	.02	.02½	Leroy	.01½	.02	Valdor Min.	..	1.15
Cournor	..	.20	Margaret	..	.10	Warrenmac	..	.06
Dempsey Cad.	..	.03½						

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

	Oct. 12, 1938	Bid	Asked	Approx. Yld.
3	1 Jan. '39	100.50	101.25	...
1	1 June '39	99.75	100.50	.25
2	15 Nov. '39	100.75	101.50	.65
2¼	15 Oct. '39	101.00	101.75	.87
4	15 Oct. '39	102.50	103.25	.97
1¼	1 June '40	100.00	100.75	1.05
4½	1 Sept. '40	104.75	105.50	1.57
1	15 Mar. '41	98.75	99.50	1.20
5	15 Nov. '41	108.75	109.50	1.85
3	1 June '42	100.50	101.25	1.65
3	15 Oct. '42	103.75	104.50	1.85
2½	1 June '43	102.25	103.00	1.82
5	15 Oct. '43	112.00	112.75	2.27
3	1 June '44	99.00	99.75	2.04
♦2¼	15 Jan. '44	102.12	102.87	▲1.55
4½	15 Oct. '44	110.25	111.25	2.47
2½	15 Nov. '44	100.75	101.50	2.24
♦3½	15 Aug. '45	102.62	103.37	▲1.77
4	15 Oct. '45	107.25	108.00	▲2.30
4½	1 Feb. '46	110.50	111.50	2.75
3¼	1 June '49	101.75	102.50	▲2.88
3½	15 Oct. '49	103.00	103.75	▲2.82
3¼	15 Nov. '51	101.25	102.00	▲3.03
♦5	1 May '52	112.12	112.87	▲1.30
4	15 Oct. '52	107.25	108.00	▲3.02
3	1 June '55	98.25	99.00	3.08
4½	1 Nov. '56	110.25	111.25	▲2.96
4½	1 Nov. '57	110.50	111.50	▲3.03
3	1 June '58	97.25	98.00	3.13
4½	1 Nov. '58	111.25	112.00	▲3.10
4½	1 Nov. '59	111.75	112.50	▲3.15
♦4	1 Oct. '60	109.87	110.62	▲2.94
♦3¼	15 Jan. '61	103.27	[illegible]	[illegible]
3¼	1 June '66	[illegible]	[illegible]	[illegible]
♦3	15 Jan. '67	98.62	99.37	3.03
♦3	Perp. bonds			

Dominion Guaranteed Bonds

	Canadian National Railway:	Bid	Asked	Approx. Yld.
2	15 Jan. '42	100.25	101.25	1.61
2	15 Feb. '43	99.50	100.50	1.86
3	1 May '44	103.00	104.00	2.23
3	15 Dec. '50	98.00	99.00	3.10
3	15 Feb. '53	97.50	98.50	3.13
*4½	1 Sept. '51	114.25	115.25	3.07
*4½	1 Feb. '56	115.00	116.00	3.29
†4½	1 July '57	114.75	115.75	3.38
*4¾	15 June '55	117.50	118.50	3.32
5	1 Feb. '54	118.00	119.00	3.41
*5	1 July '69	116.75	117.75	▲2.47
*5	1 Oct. '69	119.00	120.00	▲3.21
*5	1 Feb. '70	119.00	120.00	▲3.26

Provincial Government Bonds

		Bid	Asked	Approx. Yld.
	New Brunswick:			
3	15 Oct. '51	90.00	92.00	3.79
3½	15 June '56	93.50	95.50	3.85
†4	15 Nov. '47	101.00	103.00	▲3.52
†4½	15 Apr. '61	103.00	105.00	4.15
†5	15 Jan. '60	108.00	110.00	4.28
	Nova Scotia:			
3	2 Jan. '52	95.00	97.00	3.28
3¼	1 June '56	97.00	99.00	3.32
3½	15 Dec. '49	100.00	102.00	3.29
†4½	15 Sept. '52	108.50	110.50	▲3.15
†4½	15 Nov. '60	110.00	112.00	3.70
†5	1 Mar. '60	116.50	118.50	3.74
	Ontario:			
2½	15 May '45	100.75	101.75	2.21
3	1 Dec. '51	97.75	98.75	3.12
3¼	15 Nov. '51	100.00	101.00	▲3.15
*4	1 June '62	107.00	108.00	3.50
4½	1 June '50	111.75	112.75	3.22
*4½	15 Jan. '62	115.00	116.00	3.50
5	15 Oct. '48	115.25	116.25	3.10
*5	2 Dec. '60	121.00	123.00	3.52
5½	1 July '46	116.00	117.00	3.02
	Ont. Hydro Comm.:			
3	1 Aug. '48	98.00	99.00	3.12
3¼	1 Feb. '53	99.50	100.50	▲3.20
3½	1 Apr. '47	102.50	103.50	3.02
	Prince Edward Island:			
3	1 Oct. '45	99.00	101.00	2.85
	Quebec:			
3	1 Nov. '51	95.00	97.00	3.28
3¼	1 Mar. '48	98.00	99.50	3.31
3½	1 June '52	97.00	98.50	3.38
4	15 Mar. '52	104.50	106.00	3.44
4¼	1 Aug. '58	108.00	110.00	3.55
4½	2 Jan. '63	110.00	112.00	3.75
	Alberta:			
4	15 Dec. '54	55.75	59.75	‡
4½	1 Oct. '51	57.75	61.75	‡
†4½	1 Oct. '56			
*5	1 Oct. '59	61.00	65.00	‡
†5½	1 Apr. '52	62.50	66.50	‡
6	1 Mar. '47			
	British Columbia:			
†4	1 Dec. '57	89.50	92.50	4.58
*4½	15 Jan. '51	96.25	99.25	4.58
†4½	1 Oct. '53	95.25	98.25	4.67
†5	25 Apr. '54	99.25	102.25	4.79
5½	1 Feb. '45	100.75	103.75	4.80
6	15 Feb. '47	103.25	106.25	5.07
	Manitoba:			
†4	1 Dec. '57	84.50	88.50	4.92
†4½	15 Dec. '56	89.00	93.00	5.09
*5	2 Dec. '59	96.00	100.00	5.00
5½	1 Oct. '55	97.25	101.25	5.39
6	1 Apr. '47	99.75	103.75	5.45
	Saskatchewan:			
4	1 Nov. '60	71.00	75.00	6.07
†4½	1 Oct. '51	80.00	84.00	6.32
†4½	■15 Mar. '60	74.50	78.50	6.35
5	1 Aug. '58	81.50	85.50	6.28
5½	1 Oct. '52	85.00	89.00	6.72
6	15 Mar. '52	88.00	92.00	6.92

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ♦Callable on or after Sept. 15, 1936. ‡Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg pf.	1.37½c	Nov. 1	Oct. 15
Brant. Cordage, p.	32½c	Oct. 15	Sept. 20
Bell Tel., c.	$2	Oct. 15	Sept. 23
Bralorne Mines	15c	Oct. 15	Sept. 30
Do., extra	10c	Oct. 15	Sept. 30
B. C. Power, A	50c	Oct. 15	Sept. 30
Beatty Bros. 1st pf.	$1.50	Nov. 1	Oct. 15
Buffalo Ank.	25c	Nov. 15	Nov. 1
B. C. Tele., 2nd pf.	$1.50	Nov. 1	Oct. 17
Can. Fairbanks, pf.	$1.50	Oct. 15	Sept. 30
Commercial Alcohols pf.	10c	Oct. 15	Oct. 1
Can. Nor. Pwr.	30c	Oct. 25	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Indust., pf.	$1.75	Oct. 15	Sept. 30
Do., A & B	$1.25	Oct. 31	Sept. 30
Cosmos Imp., pf.	$1.25	Oct. 15	Sept. 30
Can. Gen. Invest.	12½c	Oct. 15	Oct. 5
Can. Breweries, pf.	50c	Oct. 15	Sept. 30
Can. Bk. of Comm.	$2	Nov. 1	Sept. 30
Can. Bronze	37½c	Nov. 1	Oct. 20
Do., pref.	$1.25	Nov. 1	Oct. 20
Dome Mines	50c	Oct. 20	Sept. 30
Calgary & Edm.	8c	Dec. 15	Nov. 15
Corporate Investors	10c	Nov. 1	Oct. 18
Crown Cork	25c	Nov. 15	Oct. 31
Calgary Power pf.	$1.50	Nov. 1	Oct. 15
Cons. Press A	15c	Nov. 1	Oct. 15
Dom. Textile, pf.	$1.75	Oct. 15	Sept. 30
Dominion Tar, p.	$1.37½	Nov. 1	Oct. 12
Guar. of N. Amer.	$1.50	Oct. 15	Sept. 30
Do., extra	$2.50	Oct. 15	Sept. 30
Gt. Lakes Pwr., pf.	$1.75	Oct. 15	Sept. 30
Imperial Bank	$2.50	Nov. 1	Sept. 30
Int. Milling, pf.	$1.25	Oct. 15	Sept. 30
Inter. Bronze	37½c	Oct. 15	Oct. 1
Do., pref.	37½c	Oct. 15	Sept. 30
Inter. Nickel, pfd.	$1.75	Nov. 1	Sept. 30
Invest. Found., pf.	75c	Oct. 15	Oct. 4
Koot. Belle	4c	Oct. 22	Sept. 20
Do., extra	1c	Oct. 22	Oct. 15
Maple L. Gardens, p.	70c	Oct. 15	Oct. 15
Montreal Tele.	80c	Oct. 15	Oct. 4
Mtl. L. H. & Pr.	37c	Oct. 31	Sept. 30
McColl-Fron. P.	$1.50	Oct. 15	Sept. 30
Maritime Tel.	17½c	Oct. 15	Sept. 30
Do., pref.	17½c	Oct. 15	Sept. 20
Montreal Trams	$2.25	Oct. 15	Sept. 20
N. B. Telephone	12½c	Oct. 15	Oct. 4
Nat. Biscuit	40c	Oct. 15	Sept. 30
N. S. Trust	$3.50	Oct. 15	Sept. 16
Nat. Steel Car	50c	Oct. 15	Sept. 30
North. Ont. Pr., p.	$1.50	Oct. 25	Sept. 30
Do., com.	75c	Oct. 25	Sept. 30
Orange Crush, pf.	35c	Nov. 1	Oct. 15
Penmans	75c	Nov. 15	Nov. 5
Do., pref.	$1.50	Nov. 1	Oct. 21
Pamour Porc.	▲12c	Nov. 1	Oct. 14
Premier Gold	3c	Oct. 15	Sept. 16
Power Corp., 1st pf.	$1.50	Oct. 15	Sept. 30
Do., 2nd pfd.	75c	Oct. 15	Sept. 30
Saguenay Pr., pf.	$1.37½	Nov. 1	Oct. 14
San Antonio G.	7c	Nov. 5	Oct. 20
Sec. Std. Rylts., p.	1c	Nov. 1	Oct. 15
Silbak Prem.	4c	Oct. 25	Oct. 5
Steel of Can.	43¾c	Nov. 1	Oct. 7
Do., pref.	43¾c	Nov. 1	Oct. 7
Sunset Oils	2½c	Oct. 15	Sept. 30
Sheep Creek G.	3c	Oct. 15	Sept. 30
South. Can. Pr., p.	$1.50	Oct. 15	Sept. 20
Smith, How., pf.	$1.50	Oct. 15	Sept. 30
South Can. Pr. c.	20c	Nov. 15	Oct. 31
St. Law. Flour	25c	Nov. 1	Oct. 20
Do., pref.	$1.75	Nov. 1	Oct. 20
Texas Can. Oil	6c	Nov. 30	Oct. 15
Toburn Gold	2c	Nov. 22	Oct. 21
Do., extra	2c	Nov. 22	Oct. 21
Tuckett Tob., pf.	$1.75	Oct. 15	Sept. 30
United Bond & S.	20c	Oct. 15	Sept. 30
Walkerville Brew.	2½c	Oct. 15	Oct. 5

▲Initial.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.60	3.80
Can. Inv. Fund	4.05	4.40
All Can. Trustee	12.50	13.10
Trans-Canada	12.00	12.90
Grouped Income	5.08	5.60
Can. Int. Tr. modified	4.50	5.00
Do., unmodified	4.00	4.50

Week in Wheat

Present Market Level Regarded as Normal

Both Buyers and Sellers Prepared to do Volume Business — No Disturbances Are Seen on Immediate Horizon

From Our Own Correspondent

WINNIPEG.—For the time being, stability seems to have been restored to the wheat market. Both buyers and sellers appear to be accepting present price level as normal and willing to do business in volume. Southern hemisphere crops are not expected to disturb balance as good prospects in the Argentine are offset by droughts in Australia.

Cheapness of wheat is expected to divert considerable quantities to livestock feeding and to accumulation of reserves by importing countries. The market may also be strengthened if progress of winter wheat seeding is hindered by unfavorable weather.

Any move toward permanent peace and understanding in Europe might result in lowering of high wheat tariffs, with consequent heavier exports from this continent. Since Aug. 1 world shipments have amounted to 110 million bushels, of which less than a quarter have come from Canada. Recently, however, proportion has increased to 50% due to falling off of Russian and Australian exports. British mills now appear to be using Canadian wheat at a sufficient rate to promise a fairly good absorption for the whole year.

If Preference Goes

The market appears to be taking it for granted that the United Kingdom duty of six cents a bushel against United States wheat will disappear when present trade treaty negotiations at Washington are concluded. No bearish effects appear to be expected as a result of that development, even assuming that the restriction will automatically apply to all foreign countries. As a matter of actual practice the governments of all wheat exporters are prepared to absorb the present duty in order to get their wheat into the United Kingdom, and this has tended to weaken all markets. In fact the only countries which have produced a discrimination in favor of Canadian wheat have been those with high duties applied equally against all. When importers are bringing in wheat under a high duty, applied at a uniform rate per bushel, their natural tendency has been to get the highest quality possible, in order to get the greatest value for the duty paid.

If the British duty does go, one bullish effect on the Canadian market will be felt by the reopening of the export route to Great Britain, through Buffalo and New York, now closed, because it is practically impossible to ship Canadian wheat that way without subjecting it to the same duty that applies on United States wheat. That will make available to Canadian wheat the freight space in liners from New York to Great Britain, which used to take care of a considerable quantity of Canadian wheat exported.

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Rushing Shipments

Special feature of the Canadian wheat situation continues to be the rate at which wheat is being forwarded across the Great Lakes to eastern ports. The forwarders evidently expect to sell it before or during the winter season, and a large proportion is believed to be booked for early shipment across the Atlantic. Some of it, however, appears to have been reoffered in the export market since European tension relaxed, and it is uncertain just how rapidly it will be shipped out of the country. Export shipments last week again were close to five million bushels or more than double a year ago.

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Bearish Factors

At the moment the two principal bearish factors in the market are the subsidized export of United States wheat and offerings of Roumanian wheat. The crop in the Danubian states was unusually large this year, and Hungary, disposing of a good deal of its surplus to Germany, appears to have got ahead of other countries in finding a market. For a time it looked as if the larger powers were deliberately buying Roumanian wheat in order to influence the political susceptibilities of that country. The United States subsidy appears to have been successful in pushing sale of 30 million bushels of American wheat, forcing the market down, not only by the weight of this quantity, but also because of the determination of the Government to get it out regardless of loss.

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Winter Wheat

Reports as to the progress of American winter wheat seeding are conflicting, and it is difficult as yet to determine by just how much farmers of the United States are going to reduce acreage. A considerable cut is certain, under the double influence of low prices, and the government promise of subsidy in return for acreage reduction. A considerable part of the winter wheat area is deficient in moisture, and fears are expressed that the crop is likely to have an unfavorable start before winter.

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Fall Rains Poor

"Absence of normal fall rains is beginning to worry farmers on the southern prairies and in the northwestern United States," comments the James Richardson and Son current grain letter. "During September, less than a quarter of an inch of rainfall fell on the average at local weather stations in Manitoba, compared with 1.62 inch normal for that month. In southeastern Saskatchewan a similar record was made."

Some improvement has occurred in early October, but situation is still unfavorable especially in Manitoba. Sanford Evans reports total precipitation this fall up to October 5 as only slightly over a quarter of an inch for Manitoba as compared with over three inches for the same period a year ago and a normal of 1.96. Saskatchewan is considerably better with 1.46 inches as compared with slightly over two inches a year ago and a normal of 1.52. In Alberta rainfall has been 1.5 inch as compared with almost 3.4 a year ago and a normal of 1.7.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 207

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st October, 1938, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st November next, to shareholders of record at the close of business on 30th September, 1938. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.

Toronto, 23rd September, 1938.

SOUTHERN CANADA POWER COMPANY LIMITED

Common Dividend No. 54

A DIVIDEND of Twenty Cents (20c) per share, being at the rate of 80c. per annum, on the no par value COMMON STOCK of Southern Canada Power Company, Limited has been declared for the quarter ending October 31st, 1938, payable November 15th, 1938, to shareholders of record at the close of business on October 31st, 1938.

By order of the Board,
L. C. HASKELL,
Secretary.

Montreal, October 3rd, 1938.

San Antonio Gold Mines Limited

(No Personal Liability)

Interim Dividend Number Ten

Notice is hereby given that a dividend of seven cents (7c) a share on the outstanding capital stock of the company has been declared, payable November 5th, 1938, to shareholders of record at the close of business on the 20th day of October, 1938.

By Order of the Board.
M. SNYDER,
Secretary.

Winnipeg, September 21, 1938.

Texas Canadian Oil Corporation Limited

SEMI-ANNUAL DIVIDEND No. 2

A semi-annual dividend of six per cent (six cents per share) has been declared by the Directors on the outstanding fully-paid shares of the Company, payable in Canadian currency on the 30th day of November, 1938, to shareholders of record at the close of business on the 15th day of October, 1938.

Dividend cheques drawn on the Nassau Branch of The Royal Bank of Canada will be negotiable without charge at any branch of The Royal Bank of Canada, in Canada.

A. J. PATTISON, JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Bawlf Grain Registers Loss

Drop $109,958 During Past Year — Outlook More Optimistic

From Our Own Correspondent

MONTREAL.—Volume of grain handled by N. Bawlf Grain Co. in the fiscal year ended July 31, 1938, was the smallest in the history of the company. As result company reports operating loss of $109,958, as compared with loss of $75,899 year before. After providing for bond interest, but without any provision for depreciation, there was a loss on the year's operations of $148,470, as against $90,847 in 1936-37.

Reflecting the unsatisfactory showing for last year, the balance sheet reveals an excess of current liabilities over current assets of $81,948. The year before there was a favorable balance of $133,124. During the year loans against life insurance policies increased from $210,000 to $225,000, while a bank loan of $80,000 was incurred. Cash on hand declined from $136,786 to $18,860, while stocks of grain and coal declined from $203,500 to $23,476.

Reduce Subsidiary Debt

The bonded indebtedness of the company's subsidiary, Bawlf Terminal Elevator Co., was reduced by $60,000 to $205,000.

As regards the outlook for the company, R. W. Milner, president, says: "Our reports with respect to this year's crop are very encouraging and indicate that a good volume may be expected this season."

Comparative figures on the profit and loss account follow:

Income and Surplus Account

Years Ended July 31	1938	1937
	$	$
Operating loss	109,958	75,899
Less: Investment inc.	6,288	32,404
Add: Exec. salaries	30,057	29,854
Bond interest	14,743	17,498
Loss for year	148,470	90,847
Previous surplus	230,909	378,012
Less: Property acct.	4,432	53,789
Investment loss	......	2,467
Balance forward	78,007	230,909
Working Capital		
Current assets	84,964	523,333
Current liabilities	166,912	390,209
Working capital	*81,948	133,124

*Excess of current liabilities.

Commodities

Sharply improving business in United States, plus continuance of armament programmes in Europe are combining to push industrial commodities higher. Copper, hides, cotton and rubber have all moved up recently. This strength, however, has been largely offset by the further weakness in wheat and to a lesser extent in livestock.

Most observers expect this trend to continue for some time as there appears to be nothing on immediate horizon sharply disturbing to supply or demand relations.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$6.75	$6.65	$10.00
Hogs	9.15	9.25	10.25
Copper, lb.	.10⅝	.10⅜	.13
Cotton, lb.	.0850	.0825	.0830
Rubber, lb.	.1730	.1682	.1681
Sugar, raw, lb.	.0315	.0299	.0315
Silk, lb.	1.86	1.81	1.70
Wheat, Man. (bus).	.61	.67⅞	1.42¾
Coffee, lb.	.05⅛	.05½	.09⅛
Hides	.12	.11¼	.13½

Weekly Indices

	Latest week	Previous week	Same week last yr.
Canada (D.B.S.)	74.5	74.4	85.2
Do., Wood, Gundy	55.7	55.9	69.2
U. S. Labor	78.0	78.4	86.9
Dow Jones (future)	48.42	47.46	57.07
Crumps (Brit.)	72.5	72.4	81.1
Fisher's	80.5	80.4	89.8

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Sept.)	84.0	84.9	83.4
W'sale (Aug.)	76.0	78.6	85.6
U. S. (July)	78.8	78.3	87.9
Gt. Brit. (July)	100.6	100.7	111.5

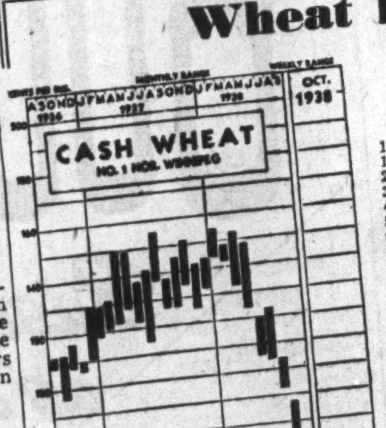
Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.

Bobjo Mines

Bobjo has been an active trader on the market over the past week following the opening up of surface showings which officials describe as encouraging. Diamond drilling has been commenced and rumors around the street are to the effect that a good ore section has been cut in the first hole completed. No confirmation of this had been received at head office at press time.

Wheat Prices



(Cash Quotations)

	For Week Oct. 11 High	For Week Oct. 11 Low	Prev. Week High	Prev. Week Low
1 Hard	.62	.60¾	..	..
1 Northern	.61½	.60¼	.65¾	.59⅞
2 Northern	.57½	.56¼	.62	.55⅞
3 Northern	.55½	.54¼	.60	.53⅞
4 Northern	.48	.46¾	.55¾	.46⅝
5 Wheat	.43	.41¾	.49¼	.41⅜
6 Wheat	.36¼	.34¾	.43¼	.35⅝
Feed Wheat	.35	.33¾	.40¼	.33⅝

Competitive Export Prices: Oct. shipments:

	Week to Oct. 11 High	Week to Oct. 11 Low
No. 1 North. (Van.)	.81⅝	.80¾
No. 3 North. (Atlan.)	.75½	.74⅜
No. 2 U. S. Yellow‡	.71¾	.69½
Australian (afloat)	.83¼	.79½
U. S. White Pac. (afloat)	.72⅝	.72
Argentine Barusso	.75½	.73½
Russian† (low quality)	.63	.60⅜
Russian† (high quality)	.68	.66

†Sample afloat. ‡Hard winters.

Winnipeg Grain Futures

Week to Oct. 11, 1938

Crop year from Aug. 1, 1938 High	Low		Open Oct. 5	High for week	Low for week	Close Oct. 11	Close year ago
		Wheat					
.77⅝	.56⅞	Oct.	.58⅛	.60⅞	.57⅛	.60	1.22⅝
.77¼	.57⅛	Nov.	.58	.61⅛	.57¾	.60⅛	1.22½
.76⅝	.56½	Dec.	.57¾	.60	.57¼	.59½	1.18½
.79⅛	.60¼	May	.61⅜	.63⅛	.60⅞	.63	1.17⅞
		Oats					
.32⅞	.26⅞	Oct.	.27	.29⅜	.26⅞	.27¾	.52⅝
.31½	.25¾	Dec.	.26¾	.29½	.26⅝	.27¼	.48
.33¼	.28	May	.28⅜	29⅝	.28½	.28½	.47
		Barley					
.45	.32⅝	Oct.	.34¼	.37¾	.34	.37¾	.63
.44⅛	.33⅛	Dec.	.33½	.36⅝	.33½	.35⅝	.61¼
.44⅝	.34⅜	May	.35⅛	.37⅝	.35⅛	.37	.60⅛
		Flax					
1.43⅝	1.27	Oct.	1.30⅝	1.35	1.30⅝	1.34¾	1.73½
1.41⅛	1.25¼	Dec.	1.27	1.32	1.27	1.31⅛	1.73
1.35¾	1.34½	May	......	1.35¼	1.34½	1.34¾	1.74
		Rye					
.46⅛	.38	Oct.	.39⅞	.43¾	.39⅝	.42	.83¼
.47⅞	.36⅝	Dec.	.39⅝	.42⅛	.39⅝	.41⅝	.82⅛
.47⅝	.39⅝	May	.41⅛	.44⅝	.41⅛	.43⅝	.80⅝

See Billion Bushel Surplus For World at Crop Year End

"If war is averted in Europe, world net exports in 1938-39 may total 520 to 565 million bushels, mainly depending on how far European governments go in building emergency reserves," is the conclusion reached by the Food Research Institute of Stanford University, California in its September wheat study. "Next Aug. 1 (end of present crop year) world wheat stocks are likely to approximate 1,070 million bushels—a burdensome level, exceeded only in 1933 and 1934. Even this figure implies relatively heavy disappearance of wheat in 1938-39."

Wheat prices in the international market already depressed by heavy world surplus will be influenced in the near future at least by political events in Europe, the Institute believes, and during the next few months by crop developments in the southern hemisphere. Governmental wheat policy decisions among major exporters are also regarded as significant factors.

Total world crop for 1938 is estimated at 4,335,000,000 bush., 300 million larger than the previous record harvest of 1928. Total supplies including carryover and anticipated western exports, are said likely to exceed last year's total by at least 600 million bushels. Comparable increases in the past half century were recorded only in 1898-99 and 1915-16.

Demands Split In Union Body

A. F. L. President Calls For C. I. O. Purge in Canada

Threat to the unity that has hitherto prevailed among Canadian affiliates of both the C.I.O. and the American Federation of Labor is embodied in the recent demand of William Green, A.F.L. president, for ejection of Canadian C.I.O. unions from the Trades & Labor Congress of Canada.

The Green ultimatum, delivered at the Houston convention of the A.F.L., warned that if the C.I.O. groups were not ousted from the Canadian federation, A.F.L. unions would withdraw their Canadian branches from the Congress. If the Canadian A.F.L. bodies defied such orders, their charters would be cancelled and new unions created, Green threatened.

Despite earlier indirect efforts by Green to purge C.I.O. units from local, provincial and national labor federations in Canada, the Labor Congress has persisted in maintaining the status quo and continuing both A.F.L. and C.I.O. affiliations.

Stand for Unity

This stand was reaffirmed at the September convention of the Trades & Labor Congress at Niagara Falls, Ont. However, in instructing executive officers to continue efforts to maintain harmony, the Congress repeated its 1937 qualification that "any action taken must be on terms acceptable to the international trade unions."

Hitherto, Canadian labor men seem to have felt that Canadian branches of C.I.O. unions can be said to have assisted only indirectly in any dual movement. Further, any secession has not been from the international unions but from a federation of unions.

The Canadian attitude on the U. S. labor war has also sprung from the somewhat complex differences between the A.F.L. and the Canadian Labor Congress, and the relations of American and Canadian unions to these bodies. The A.F.L. is both a legislative body and a jurisdictional body; that is, it both speaks publicly and in legislative lobbies for its affiliates, and rules on the trade jurisdictions of the various unions. The Canadian Congress is a legislative body only, and is but indirectly concerned with any alleged dualism or secession of international unions with branches in the Dominion.

Another peculiarity of the Congress is that its membership dues derived from Canadian international unions are not paid directly by these unions, but by their international headquarters in behalf of their Canadian membership. These international headquarters also pay affiliation dues to the A.F.L. or the C.I.O., as the case may be. This means that if Green's new threat is to be carried out, each international headquarters of an A.F.L. union must be induced to order its Canadian branches to withdraw from the Congress, at the risk of losing the dues from these Canadian unions if the latter defy the orders.

That such a risk is by no means imaginary is indicated by the strength of the "unity" element in the Canadian Congress, composed partly of C.I.O. unionists and partly of C.I.O.-Leftist sympathizers in A.F.L. unions in this country.

If the threatened split finally occurs, it will add to the already considerable confusion arising from the multiplicity of Canadian labor groupings. There are now four other main labor groups in Canada in addition to the Trades and Labor Congress — the Canadian Federation of Labor and the All-Canadian Congress of Labor, both composed of purely national unions; the Federation of Catholic Workers (National Catholic Unions); and Canadian branches of international unions (chiefly railway brotherhoods) affiliated with neither the A.F.L. nor the C.I.O.

Potato Shortage Is Seen Coming

Potato prices are expected to soar this winter and next spring if the first official estimate of production proves accurate. Total Canadian crop this season is estimated by the Dominion Bureau of Statistics at 36.6 million cwt. or the smallest in over 12 years. Last year 42.5 million cwts. were harvested. The 10-year average yield is a shade over 44 million.

Seven of the nine provinces report poor crops this year, the fortunate exceptions being Prince Edward Island and Saskatchewan. Elsewhere blight, rot and unfavorable growing weather have taken toll.

If a real shortage develops pinch will be felt early in the spring when from available stocks must be taken seed requirements of six to eight million cwts.

Richardson Firm Opens Pacific Coast Offices

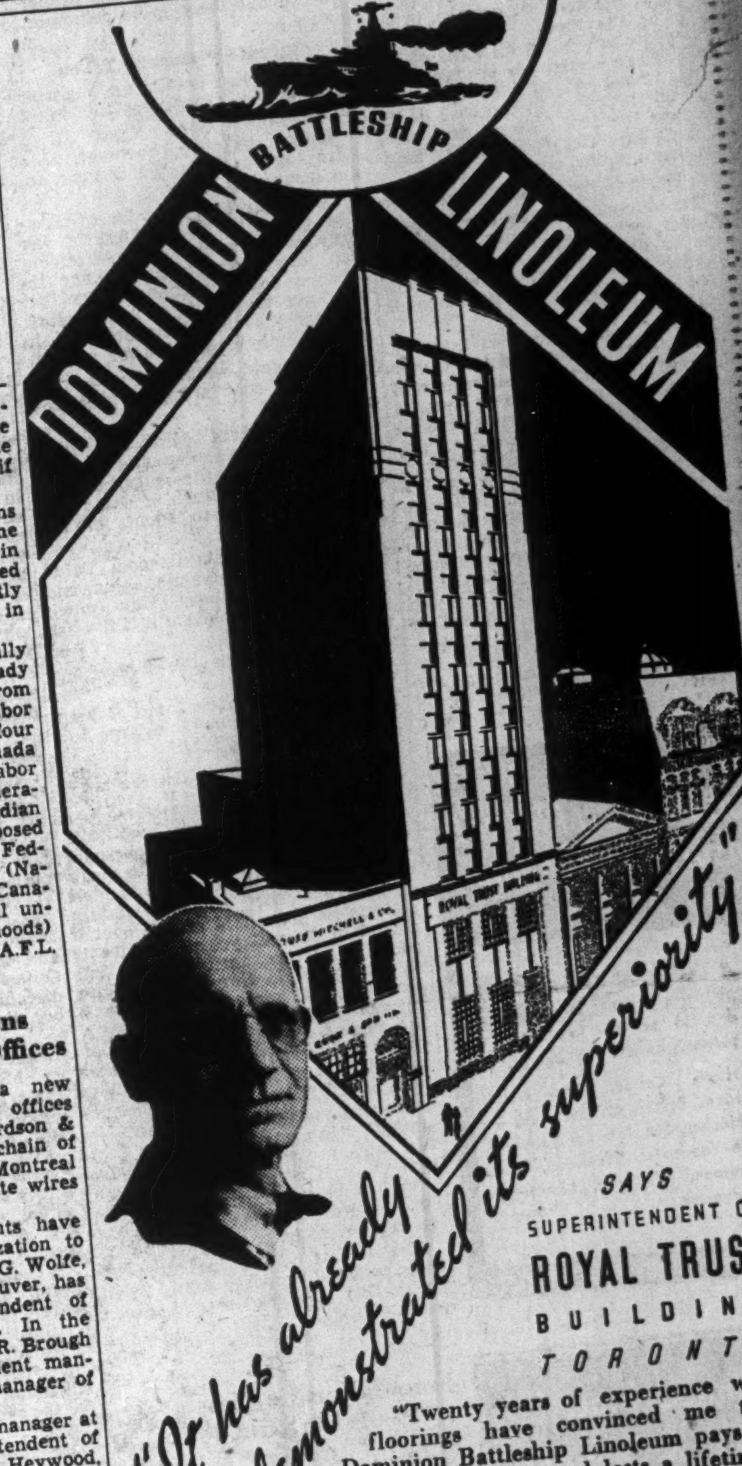
With the opening of a new branch at Victoria and new offices at Vancouver, James Richardson & Sons, now has a complete chain of offices across Canada from Montreal to the Pacific Coast. Private wires connect all offices.

Several new appointments have been made in the organization to take care of the expansion. G. Wolfe, resident manager at Vancouver, has been appointed superintendent of British Columbia offices. In the new offices at Victoria, R. R. Brough has been appointed resident manager with F. R. George manager of the bond department.

W. R. Taprell, resident manager at Calgary, is now superintendent of Alberta offices. George Heywood, formerly manager of the bond department in Moose Jaw, is now manager of the bond department in the Saskatoon offices.

N. M. PATERSON & COMPANY LTD.
Own and Operate
One Terminal Elevator in Fort William
109 Country Elevators
Total Storage Capacity 6,925,000 bus.
31 Vessels on the Great Lakes
Total Carrying Capacity 4,500,000 bus. per trip
Head Office: FORT WILLIAM, ONT.

NORRIS GRAIN COMPANY
LIMITED
PRIVATE WIRE SYSTEM
GRAIN—STOCK—BONDS
Principal Offices:
WINNIPEG, TORONTO, MONTREAL, VANCOUVER, VICTORIA


DOMINION
BATTLESHIP
LINOLEUM
"It has already demonstrated its superiority"

SAYS
SUPERINTENDENT OF
ROYAL TRUST
BUILDING
TORONTO

"Twenty years of experience with floorings have convinced me that Dominion Battleship Linoleum pays for itself in a few years and lasts a lifetime," says J. B. Christie, Superintendent of the Royal Trust Building, Toronto.

Mr. Christie's statement is in line with the experience of building executives everywhere in Canada. They find Dominion Battleship Linoleum a permanent, quiet, comfortable, inexpensively maintained floor that cuts janitor costs and pleases tenants. Available in 19 colours and effects — and individual designs can be cut and laid with or without border. Ask your architect or flooring contractor about our 5-year guarantee.

DOMINION OILCLOTH & LINOLEUM COMPANY LIMITED · MONTREAL
"How much of your Overhead is Underfoot?"

A Complete Investment and Trading Service
STOCKS ... BONDS
GRAIN .... MINES
MELADY, SELLERS & CO. LTD.
Grain Exchange WINNIPEG Phone 92709

RICHARDSONS
Established 1857

We take pleasure in announcing the Opening of our new Offices on the Pacific Coast

... at
VANCOUVER
Hastings at Howe

... at
VICTORIA
Government at View

JAMES RICHARDSON & SONS
LIMITED
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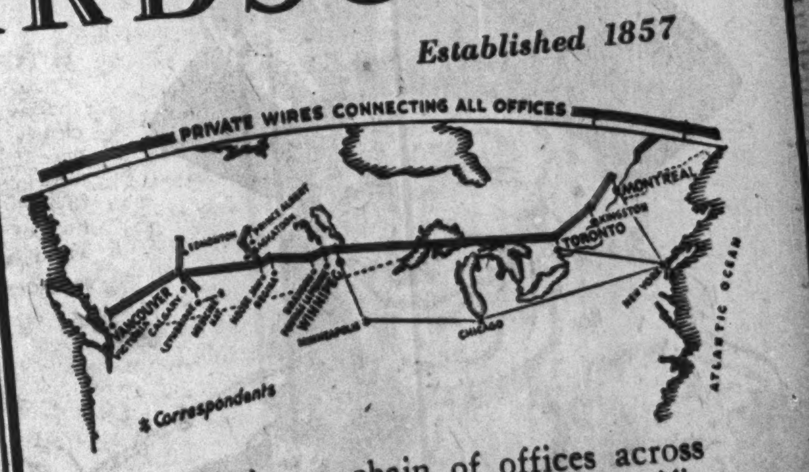


Completing a chain of offices across Canada from Montreal to the Pacific Coast.

JAMES RICHARDSON & SONS
STOCKS · BONDS

Insurance

Revised Policy Covers All Personal Property

Personal Property Floater Does Away With Many Miscellaneous Policies Formerly Bought — Several Coverages in One Form

More complete insurance protection against all kinds of risk to personal effects is now available through the amended Personal Property Floater policy recently approved by the authorities.

Not only is the coverage more complete but the procedure is much more simple as one policy now does the work that was formerly done by three or four or maybe more.

The Personal Property Floater itself is not entirely new. It has been on the market for about two years. But it is only in the last few weeks that it has been brought to its present complete form which has met with little criticism from either Government or company officials.

Main features of the policy is that it insures all the personal property of an insured and of the members of his family or for which he may be responsible, whether it be at home, at the summer cottage, in the hotel or elsewhere.

It protects against all risks of loss or damage except in a number of cases, none of which materially restrict the cover in the case of the average person. These exclusions include narcotics, power boats, damage from moths, etc.

Some of the Risks Covered

The Personal Property Floater insures personal property against loss or damage by fire, burglary, weather, earthquake or what not. Even mysterious disappearance is covered.

Thus if your wife goes into the washroom of a hotel and leaves her diamond ring on the wash basin and never sees it again, she is covered against loss. If your house is entered and the silverware stolen you are again protected against loss. If your boy's bicycle is taken from the garage it too is insured. If smoke or fire do damage to the pictures on the walls of your drawing room or the drapes there the insurance policy makes it good. If children on the street throw a ball through the window and break a piece of expensive pottery you are covered. Even if some of your effects are away at the summer cottage you are protected. Your clothing, your wife's furs, your son's skates and even your money up to $50 is insured by this policy against loss by theft or accidental destruction.

Real property does not come under this policy except in the case where damage is done by burglars, for instance, where woodwork or walls may be defaced or marred.

For ordinary loss of real property by fire it is necessary, of course, to have the usual type of fire insurance on the house.

There are, however, one or two essentials that must not be overlooked.

While there is no coinsurance clause in the policy, the insured person is asked to make an estimate of the value of the personal effects which are insured. The policy will not be written for less than 80% of the estimated value of the property insured but there is no coinsurance clause.

Inventory Must be Taken

This proviso entails an important part of the procedure—the taking of an inventory.

Such a practice, however, is of advantage to both the insurer and the insured.

Take your own case for instance. You probably have $3,000 of fire insurance on your household effects. You may have some burglary insurance but the chances are that you have very little or none against the damage that may be done to your premises by wind, or rain.

If the maid walks off with your wife's fur coat are you protected against loss?

Then in event of a fire what would it take to replace the pictures on your walls, the rugs, drapes, souvenirs, rare pieces of china and what not? Not to speak of the furniture itself.

Then go to the dining room. Value the silverware, cut glass, china, and other property there. How much would it take to replace it if it were burned or stolen?

And so through the house one might go.

Suppose you move some of your furniture to the summer cottage and it is burned! What then?

What is the Replacement Value?

It has opened the eyes of many a man to find out just what the replacement values of the personal effects in his house was, not to speak of property which might be located elsewhere. The average family collects its household effects over a period of several years. Picture is added to picture, curio to curio and so gradually do things accumulate that the total replacement value is not realized until something like a fire comes. Even the property of guests or servants in the house is covered up to 10% of the blanket item on all risks.

Considering the service given it is stated by impartial authorities that the rates are very reasonable and that there is a saving for the man who has been accustomed to take out several policies to get the desired coverage.

The taking of an inventory of one's personal property would in all probability give the average person a jolt.

The Wawanēsa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company—in volume; in strength; and in service to "select" property-owners and agents.

Home Office, Wawanesa, Man. Eastern Office: York & Harbour Sts., Toronto. Branches in Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal, Moncton.

FIRE, WINDSTORM, AUTO, CASUALTY

United States Fidelity & Guaranty Company
TORONTO

Foundation Co. Sets Plans for Saint John Job

From Our Own Correspondent

MONTREAL. — Directors of Canada expects to start work shortly on construction of sheds No. 9 and 10 at West Saint John, contract for which was recently awarded by the National Harbor Board. The work includes the continuation of shed 10 and the building of shed 10.

Insurance Problems

Voiding Fire Policies

I have in my house an electrical appliance which has not been approved for use in the Province of Ontario. I would like to know if having this on my premises would cause my insurance policy to become void if a fire occurred (1) due to some other cause, (2) due to this piece of equipment.

We are informed that this equipment would not cause your policy to be voided in the first instance. The companies generally, we understand, take the ground that they would pay a claim being made for a fire under such circumstances.

In the second case, while it is not likely that liability under the policy would be denied unless the case was one of flagrant carelessness or recklessness, it is possible that it might be, and the person making the claim would have to be prepared to make out a strong case in his own defense. An article which has been condemned would be a little different from one which had not been approved. In either case it is not likely that a claim would be opposed but if the article in question had been condemned it is possible that it might be.

Insurance Notes

In the current issue of London Life Topics, house organ of the London Life Insurance Company, E. E. Reid, vice-president and managing director of the company contributes an article under the caption "Our Past Progress and Present Strength."

The fundamental factor in the company's success is stated by Mr. Reid to be the treatment accorded its policyholders. "Always our endeavor has been to make sure that in a reasonable time, dividends would exceed the difference between the par and the non par rates with interest," he says.

Among the practices noted by Mr. Reid which have been instrumental in bringing the company to its present position are the maintenance of adequate reserves: against surrender values, for all apparent possible losses on mortgage investments, to cover excess book values over market values on all securities showing such excess, to cover emergencies not at present in evidence and complete provision for succeeding year's dividend payments to policyholders (covering total amounts accrued or due at next anniversary date).

• • •

That proper diet is more important to the health of nation than housing was the point brought out by Sir Edward Mellanby, eminent British nutritionist in an address delivered at Toronto last week. Sir Edward was speaking under the auspices of the Canadian Medical Association, and is addressing audiences across Ontario. "Far be it from me to discourage good housing measures, but diet is of first importance from a health standpoint," said the speaker who is Secretary-General of the Medical Research Council of Great Britain and Chairman of the League of Nations Committee on Nutrition.

In recent years the life insurance companies have been paying more and more attention to health habits and measures calculated to prolong life. Accordingly they are much interested in Sir Edward's campaign.

He quoted instances, as in the Island of Lewis, in the Hebrides where the housing conditions were on the lowest possible scale yet the death rate among imports was much lower than in the rest of the United Kingdom. Milk, he stated, was by far the most important of protective foods.

He summed up the findings of nutritionists in the last 10 years with the message that all the foods required for complete health could be obtained by building the diet around dairy products, fresh and cooked vegetables, fresh fruit, eggs, fish, liver and kidneys, and meat.

Halifax Cargo Traffic Running Behind Last Year

From Our Own Correspondent

MONTREAL.—Cargo traffic handled at the Port of Halifax in August totalled 144,336, made up of 110,349 tons of imports and 33,987 tons of exports. This represents a sharp drop from the same month a year ago when the inward movement totalled 140,257 and the outward movement 65,504 tons, an aggregate of 205,761.

Cumulative returns for the 8 months ended August showed total movement of 1,336,446 tons, comprising 742,382 tons of imports and 593,064 tons of exports. For the same period in 1937 cargo totalled 1,592,116 tons, made up of 886,419 tons inward and 705,697 tons outward.

The Independent Order of Foresters
Monthly Income During Disability

Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.

In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.

The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.

FRANK E. HAND
Supreme Chief Ranger.

HEAD OFFICE, TEMPLE BUILDING,
TORONTO, CAN.

Canada's Family Budget

5,000 Homes to be Surveyed to Provide Complete Picture

From Our Own Correspondent

OTTAWA.—What do Canadians eat?

How many vitamins does the average family absorb in a week? To what extent does it contribute to the profits of the Canadian meat packer and the Canadian bakeries? How much is it helping to solve the marketing problems of the fruit grower, the farmer and the fisherman? What brands and quality of canned goods does it buy and how much of the weekly family budget goes for such purchases?

These are just a few of the questions which should be answered with a fair measure of accuracy when the Dominion Bureau of Statistics completes its $25,000 family budget survey of the Dominion.

First Accurate Statistics

In addition, it will provide the first accurate statistics on Canadian clothing expenditure; on fuel and heat consumption of the Canadian family; on house furnishing purchases; on recreational and educational costs and other items which go to make up the living expenses.

The field work for this survey was launched last week with between 85 and 90 field men (who are mostly women) starting on their canvass of 5,000 homes in 12 Canadian cities from coast to coast. It is hoped to have the final returns in before the end of next month and the work of the survey completed, with the exception of printing by the end of the year.

The obvious omission in the plan—its failure to deal with small town and rural populations—is necessitated this year by the limited appropriation for the work voted at the last session of Parliament. If there is a balance left from this vote or if more money is forthcoming it will be expended to fill this gap.

Selection of the 5,000 families in itself has been a stupendous job. It has been made with the assistance of social service agencies, merchants and business organizations. A yearly income of $2,500 has been taken as the maximum and a bare subsistence level as the minimum. Families on relief or obtaining assistance from other organizations have been excluded as not representing normal living standards.

The questionnaires in the form of two bound pamphlets have been prepared in consultation with the Departments of Health, Agriculture and Labor and the National Research Council.

Object of Questions

They are designed with the following objects in view:

1. To provide health authorities with consumption material to study the problems of national health.

2. To establish the living standards of typical wage earners in order to aid in the intelligent settlement of reasonable wage levels.

3. To compare living costs in different parts of Canada.

4. To enable compilation of accurate records of changes in living costs. In this regard the bureau recognizes the necessity of repeating the survey with any major change in economic conditions. Seasonal differences in food consumption will necessarily have to be ignored. In other departments the compilations are taken on a yearly basis.

5. To determine the differences in living standards of families of different racial origin.

In the booklet for weekly record of food supplies the housewife will enter at the end of each day the food purchases stating the brand and quality of the commodity, the quantity for regular use and for storage and the total cost. She will also note the number of persons served with meals and the amount of money spent on outside meals and on candy, ice cream or drinks.

At the end of the week she will be asked to make a recapitulation of these daily items and specify the food used, the quantity and the estimated value from (a) stocks on hand (b) home grown produce and (c) gifts from friends.

Yearly Compilation

The yearly compilation of expenditures for the year ended Sept. 30, 1938, has been divided into 20 major classifications. Seventy-seven articles of clothing are listed from diapers to evening dresses. Moving expenses are included under the cost of household operations together with the cost of upkeep on gardens and lawns. Furnishing and equipment costs have been broken down to show every article purchased in furniture, textiles, silverware, china and glassware.

The survey is the indirect result of the League of Nations committee a few years ago recommending that member countries establish nutrition commissions. Britain was the first country to act on the resolution and Canada followed her lead last spring with the creation of the Canadian Council of Nutrition. The Council, however, has found itself helpless without any accurate basis on which to start its work.

Thirty years ago Dr. R. H. Coats, Dominion Statistics, compiled the first and only Canadian estimate of family budgets which has been used since that time in all living cost statistics. While this has served its purpose Dr. Coats admits that with the limited information available to him at the time it was necessarily arbitrary.

The 12 cities chosen for the survey are Charlottetown, Halifax, Quebec, Montreal, Ottawa, Toronto, London, Winnipeg, Saskatoon, Edmonton, Regina and Vancouver.

Montreal Finance Reports Net Loss

Returns for 1937 Indicate No Material Change in Position

From Our Own Correspondent

MONTREAL.—Montreal Finance Corp. reports gross revenue in 1937 of $20,593. Against this, expenses, including taxes, amounted to $22,943, leaving a net loss for the year of $2,350.

The balance sheet shows among liabilities, $62,200 of mortgages payable and a reserve of $67,096 against non-collection of mortgages receivable and disbursements connected therewith. The outstanding preferred stock amounted to $950,000 on which arrears of dividends amounted to $204,250.

Among the assets of the company cash on hand totalled $28,248. Call loans aggregate $45,308, while Dominion of Canada bonds at cost totalled $35,695. Mortgages receivable including accrued interest and reserve for non-collection was shown at a net figure of $809,959, while properties acquired by foreclosure at book value are shown on the statement at $160,910. In addition the company carries among its assets $30,090 representing disbursements in respect to mortgages receivable "in excess of amount of hypothets."

Profit and Loss Account
Year Ended Dec. 31, 1937

	$
Gross income	20,593
Less: Expenses	22,943
Net loss	2,350
Previous surplus	15,487
Surplus forward	13,137

Tax Arrears Down In Montreal Area

From Our Own Correspondent

MONTREAL.—Aggregate tax arrears of the 11 solvent and three insolvent municipalities under the jurisdiction of the Montreal Metropolitan Commission dropped $78,000 in August to $1,365,000. As compared with August 31, 1934, this is a reduction of $590,000.

Of the $78,000 reduction, the solvent municipalities accounted for $69,000 and the insolvent municipalities $9,000. Shown below are comparative figures of arrears at the end of July and the end of August for individual municipalities:

	Aug. 31 $	July 31 $
Mount Royal	24,000	26,000
Montreal East	33,000	33,000
Verdun	210,000	221,000
Hampstead	18,000	20,000
Ville St. Pierre	24,000	28,000
Ville La Salle	47,000	49,000
Westmount	338,000	350,000
Outremont	257,000	267,000
Lachine	175,000	197,000
Montreal West	50,000	51,000
Ville St. Laurent	79,000	82,000
Insolvent Municipalities:		
Pointe aux Trembles	39,000	45,000
Montreal North	52,000	54,000
Ville St. Michel	19,000	20,000

Montreal Island Power Decision Appeal Concluded

From Our Own Correspondent

MONTREAL.—Argument in the appeal of Nesbitt, Thomson & Co. against a judgment by Mr. Ainslie Greene declaring that the plaintiff, Joseph M. Pigott Construction Co., was entitled to the return of moneys, together with interest, invested in the shares of Montreal Island Power Co., has been heard. It is expected a decision will be handed down by the Ontario Court of Appeals some time next month.

The case turns on the nature of the prospectus sent out by Nesbitt, Thomson & Co.

Estate Mostly Bonds, Stocks

Will of W. E. Matthews, Valued at $1,156,000, Is Filed at Ottawa

From Our Own Correspondent

OTTAWA.—More than 80% of the million dollar estate of William E. Matthews, prominent Ottawa businessman who died Aug. 8, represents diversified investment in stocks and bonds. Major portion of the investment lay in Government bonds, it is disclosed by the will filed here for probate by Royal Trust Co., executors and trustees.

Total value of the estate of Mr. Matthews, who was a brother of the Lieutenant-Governor of Ontario, is set at $1,156,243. Of this, nearly $900,000 consists of bonds and stocks, with the former accounting for $649,238 and the stocks, $247,156. Other principal assets are:

Life insurance, $82,870.
Mortgage investments, $20,955.
Real estate, $20,000.

Household goods are listed at $4,881; book debts, $1,651; and other property, $1,002.

Bond Holdings

Holdings of bonds are made up principally of Government issues, including $465,771 in Dominion conversion loan bonds, $10,201 in Nova Scotia debentures, and Dominion of Canada 1932 loan, $10,963. Among utility and industrial bonds are:

International Power & Paper Co. of Newfoundland, $10,202.
Union Gas Co. of Canada, $10,183.
McColl-Frontenac Oil Co., $10,612.
Ottawa Light, Heat & Power Co., $10,571.

Of the stock holdings listed, the value is represented chiefly by issues of four companies—International Nickel, $76,500; Montreal Light, Heat & Power Cons., $36,000; Brazilian Traction, $34,325; and Consumers Gas Co. (Toronto), $30,975. Other stock holdings include:

International Petroleum, $18,550.
Canada Cement, $14,325.
Imperial Oil, $11,900.
Goodyear Tire and Rubber, $11,100.
Guelph Carpet & Worsted Spinning Mills, $10,660.
Shawinigan Water & Power, $4,300.
Wright-Hargreaves Mines, $3,950.
Steel Company of Canada, $7,100.
Royal Trust Company, $9,000.
Power Corp., $6,080.
Southern Canada Power, $6,500.
Nova Scotia Light and Power, $5,200.
McColl-Frontenac, $13,800.
Ottawa Light, Heat & Power, $8,200.
Ottawa Electric Rlwy. Company, $1,024.
Lake Shore Mines, $5,212.
Bank of Montreal, $4,260.
Howard Smith Paper Mills, $3,850.
Canadian Oil Company, $6,050.
Canadian General Investments, $1,240.
British Columbia Power, $9,300.
Dome Mines, $6,775.

Great West Life Business Over $600,000,000 Mark

Business in force with the Great West Life Assurance Company on October 1 reached a total of over $600,000,000, according to an official announcement. This figure includes ordinary life insurance, group life and a conservative credit for annuities. The achievement comes at a date considerably earlier than anticipated. The actual year-to-date gain in business in force as at the end of September was approximately $10.5 millions compared with a gain of $9 millions for the corresponding period of 1937. The improvement is largely due to a current increase in the sales of new life insurance.

Canada Northern Power Boosts Output in August

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp. reports a power output in August of 58,837,118 kw.h., an increase of 3,833,513 kw.h. over the same month last year.

Cumulative production for the first eight months of 1938 totalled 460,407,639 kw.h. This contrasts with 425,697,335 kw.h. for the corresponding period of 1937.

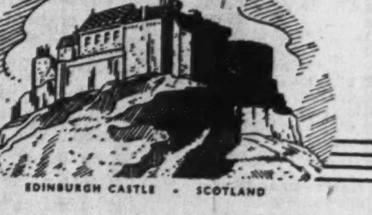
THE STANDARD LIFE ASSURANCE COMPANY
OF EDINBURGH

STRENGTH
STABILITY
SECURITY

MUTUAL LIFE ASSURANCE

HEAD OFFICE: 3 GEORGE STREET, EDINBURGH
HEAD OFFICE FOR CANADA: 391 ST. JAMES ST., MONTREAL

All policies are written and issued in Canada and claims are admitted and paid by the Canadian Board of Directors



EDINBURGH CASTLE • SCOTLAND

CP32

Branch Offices are maintained in the following cities: TORONTO, LONDON, OTTAWA and HAMILTON, ONT., MONTREAL, P.Q., FREDERICTON and ST. JOHN, N.B., HALIFAX, N.S., and VANCOUVER, B.C.

In the world of reality their knight is YOU

To that wife and family of yours there is one perfect knight ... *you.*

If you are not to betray their trust, surely you must protect them against the greatest misfortune that might befall them ... to be left to face the world alone and without money to live on.

There is only one way for a man of ordinary means to leave enough money to take care of his dependants — and that is to insure his life.

To do so is good business, too, for nothing multiplies the dollar so surely as small savings put into Life Insurance. A little forethought now will mean long years of comfort for your dependants if you die. If you live, the proceeds of your Life Insurance will ensure for you a happy, care-free retirement.

THE MANUFACTURERS LIFE INSURANCE COMPANY
HEAD OFFICE TORONTO, CANADA
ESTABLISHED 1887

A PIPE of Wakefield flatters a man's judgment. That's why the young man of today is so clearly indicating his preference for this mellow, cool smoking mixture, which so satisfyingly fulfills the best traditions of English pipe tobaccos. Try a package.

PACKAGES, 15c & 25c—POUCHES, 25c
½lb. TINS $1

W-38

Wakefield
ENGLISH MIXTURE

A MUTUAL COMPANY
NORTH AMERICAN LIFE
Solid as the Continent
Head Office: Toronto, Ont.
ALL PROFITS FOR POLICYHOLDERS

37 YEARS

SINCE 1901 NORTHWESTERN MUTUAL HAVE RETURNED MORE THAN 23 MILLION DOLLARS IN DIVIDENDS TO POLICYHOLDERS

BRANCHES ACROSS CANADA
Toronto Hamilton Ottawa Halifax St. John
Moncton Quebec City Montreal Winnipeg Saskatoon
Edmonton Calgary Kelowna
Victoria Vancouver

NORTHWESTERN MUTUAL FIRE ASSOCIATION
NON ASSESSABLE POLICIES ASSETS $7,683,867

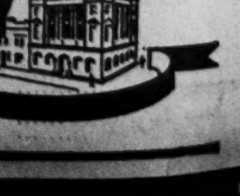
Fire Insurance and Allied Lines
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY

$600,000,000
Business in Force as at October 1st 1938

This outstanding achievement, coming at the close of the summer season and well ahead of normal expectation, is significant of the return of confidence throughout the country in business improvement—significant, too, of established public confidence in the security of life insurance as represented in the policies of this strong, progressive, soundly administered company.

The Great-West Life records its acknowledgment to these policyholders, new and old, whose confidence made possible this achievement.

The GREAT-WEST LIFE ASSURANCE COMPANY



Sees Banking as a Career For Boys With Ambition

New General Manager of Bank of Toronto Holds "Willing Service" the Prime Essential

By DONALD G. MacLEAN

Some years ago a speaker before the Greater Winnipeg Board of Trade made a strong appeal for greater service to the mining companies operating in the province.

"Go out there, visit them. See what they need and give it to them with snappy, up-to-the-minute service," he urged.

The speaker was F. Hedley Marsh, at that time western superintendent of the Bank of Toronto, whose appointment as general manager of the institution was announced last week.

The words used indicate the philosophy which has guided Mr. Marsh throughout his banking career—the need of doing the thing that needs to be done and doing it willingly. "Willing service" is the motto which he adopted at the beginning of his career and which he claims has played a large part in bringing him to the position he now holds.

As a junior in the bank he often found that the allotted task was disagreeable. But he early came to a decision in his own mind that if he were going to get anywhere, he would have to do the job in hand as well as he could whether he liked it or not and do it graciously. Service to the bank, service to business, service to the country have been the objects which Mr. Marsh has kept before him.

It was at Clarksburg, Ont., in the rich Beaver Valley section of the Georgian Bay district that Mr. Marsh was born. His father, years before, as a young man, had been instrumental in opening up and settling the area that is now one of the garden spots of Ontario.

Practical Knowledge of Agriculture

Forced by his father's death to assume at an early age the management of the family farm, the future general manager acquired at first hand knowledge of the agricultural industry which was later to be invaluable to him.

He began his bank career in Ingersoll in 1893 and in 1897, when the industrial boom, resulting from the activities of the Clergue interests in establishing the Algoma Steel Co., the Algoma Central Railway and the Sault Ste. Marie Pulp & Paper Co. at Sault Ste. Marie, was getting under way, he was transferred to that growing industrial town and from there went on to Rat Portage, now Kenora, which at the time was experiencing its first mining boom. From there he proceeded to Winnipeg at a time when the possibilities of our western prairies from an agricultural point of view were beginning to be realized and the development of the Prairie Provinces was becoming active. This made a great impression on a young man living in this environment, and he, not unnaturally, became thoroughly imbued with the western spirit which was added to by a period of several years spent in Vancouver and smaller points in the interior of British Columbia.

With this experience it is not surprising that Mr. Marsh was selected to open a branch of his bank at Cobalt at the very beginning of that spectacular silver mining camp. Following Cobalt he was stationed for a number of years in Montreal and Toronto, and early in 1921 he returned to Winnipeg as western superintendent of the Bank of Toronto, a move which he says was like going back home.

It was during this second sojourn in Winnipeg that mining in Manitoba began to assume prominence. Mr. Marsh played an important part in awaking interest in the mineral possibilities of the province. He helped to organize the Industrial Development Board of Manitoba in 1927 and held the position of president of the Winnipeg Board of Trade.

On his departure from Winnipeg in 1928 to assume the position of assistant general manager of the Bank of Toronto at Toronto, Hon. Albert Prefontaine, Minister of Agriculture for Manitoba, stated that his advice and practical knowledge of the agricultural and livestock industries had been of great assistance. Mr. Prefontaine added that Manitoba was losing a splendid type of businessman and citizen.

At a farewell luncheon tendered him by the Winnipeg Board of Trade, the occasion on which he used the words quoted at the beginning of this article, many tributes were paid to Mr. Marsh for the work he had done for business and the community generally.

Not a Specialist

Interested in all phases of banking, Mr. Marsh does not claim to be a specialist in any particular branch. Conversation with him convinces one of the fact, however, that it would be hard to stick him on any banking problem.

He possesses in large measure the qualities that have marked the Bank of Toronto executives in the past and have contributed to that 83-year-old institution attaining the honored place in Canadian banking that it holds today. These qualities of its former managers have won for it the reputation of being safe, sound and conservative at the same time that it has been constructive, progressive and successful.

Banking as a Profession

Mr. Marsh has great faith in the bank as a profession for young men.

There is always room at the top, he says, and it is the young men with the material in them to qualify them for top positions that the banks want. Security during time of usefulness and a pension when old age comes, combined with the possibilities of rising to the highest positions in the institutions are inducements, he believes, which appeal to most young men who are prepared to give "willing service."

United Steel Business Holds

Sales of Mining Machinery Offsets Decline in Other Lines

Sales of United Steel Corp. for the first nine months of 1938 have been maintained at approximately the same level as a year ago. As the company showed a wide gain in sales and profits in 1937, approximately 50% over 1936, this is taken to indicate that net available for the class A preferred may not be far from the $5.78 a share reported in 1937.

Increased activity in the last quarter of 1938 is expected by the company as a result of general improvement in industry. As was the case last year the company's mining equipment division has been responsible for much of its favorable showing, more than offsetting the decline in the sales to the newsprint industry.

First mortgage bonds outstanding remain at $149,000, unchanged from last year.

Prospects for United Steel shareholders were brightened considerably when its subsidiary, Standard Steel Construction Co., paid the remaining balance of the arrears on its preference stock on October 1, 1938. Provided Standard Steel earnings remain around last year's level, the time should be coming closer when some payment will be possible on the common stock of this company, almost all of which is held by United Steel Corp.

Bank of Canada Weekly Statement

Demand for cash owing to the movement of the crops is presumably the reason for the advance of $4 millions by the Bank of Canada to the Canadian chartered banks during the week ended Oct. 5.

This is an item that has not appeared in the statements of the central bank for a long time. Evidently the chartered banks wished to increase their cash resources without selling any securities.

Notes of the Bank of Canada in circulation were up by $5,270,000. Holdings of securities were $8.7 millions higher.

Balance Sheet

	Oct. 5 1938 $	Sept. 28 1938 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	179,408,274	174,132,964
Rest fund	1,348,414	1,348,415
Depos.: Dominion .	28,342,642	25,279,412
Banks	209,086,765	205,592,423
Other	652,734	1,052,591
Total deposits	238,082,141	231,924,426
All other liabs.	2,911,721	2,883,380
Total liabs.	426,750,550	415,289,165
Assets		
Reserve: Gold	181,089,521	183,507,207
Res. in sterling and U. S.	32,241,106	30,798,508
Other curr.	705	701
Total reserve	213,331,332	214,306,416
Subsidiary coin	222,690	202,896
Advances	4,000,000	......
Investments:		
Dom. govt. short .	156,706,595	146,140,290
Other Dom. govt.	46,877,073	48,717,577
Total invest.	203,583,668	194,857,867
Premises	1,701,713	1,686,574
All other assets	3,911,147	4,235,432
	426,750,550	415,289,185
Reserve ratio	51.09%	52.77%

Weekly Bank Clearings

	Oct. 6 1938 $	Change yr. ago %	Sept. 29 1937 $
Halifax	2,975,709	— 7.1	2,329,358
Saint John ...	1,860,800	—16.8	1,583,481
Moncton	939,714	—11.7	712,843
Sherbrooke ...	867,731	—14.9	623,476
Quebec	4,682,043	—20.9	4,026,638
Montreal	146,765,743	+ 5.3	110,518,570
Ottawa	27,277,638	— 1.2	14,530,873
Kingston	797,072	— 4.8	608,685
Peterborough .	742,771	— 5.5	538,654
Toronto	135,826,291	+ 5.0	96,052,195
Hamilton	6,012,373	—10.3	4,393,455
Kitchener	1,334,568	+ 5.6	1,036,320
Brantford	1,107,737	—14.1	731,600
London	3,366,318	—10.6	2,095,505
Windsor	2,806,480	— 6.7	2,437,631
Sarnia	552,226	— 7.8	457,701
Sudbury	1,079,733	— 4.2	1,179,207
Fort William..	970,510	+ 1.3	669,916
Winnipeg	72,336,110	+14.3	67,607,662
Brandon	516,815	— 5.1	427,068
Regina	8,738,086	+68.5	7,218,793
Moose Jaw ...	918,527	+26.4	701,315
Saskatoon	2,136,976	+20.0	1,469,179
Prince Albert .	460,687	— 6.1	316,516
Calgary	11,584,523	+33.2	9,913,811
Medicine Hat .	488,057	+14.7	355,555
N. W'minster..	822,895	— 3.7	637,151
Vancouver ...	23,806,378	+18.1	19,520,155
Victoria	2,267,132	— 0.4	1,557,336

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

C. L. DUNLOP to be an inspector.

L. S. NICKS to be accountant at Forest Hill Village, Ont.

Carter Joins Executive

From Our Own Correspondent

MONTREAL.—W. H. Carter has been elected vice-president of the Winnipeg Electric Co., succeeding the late W. J. Bulman.

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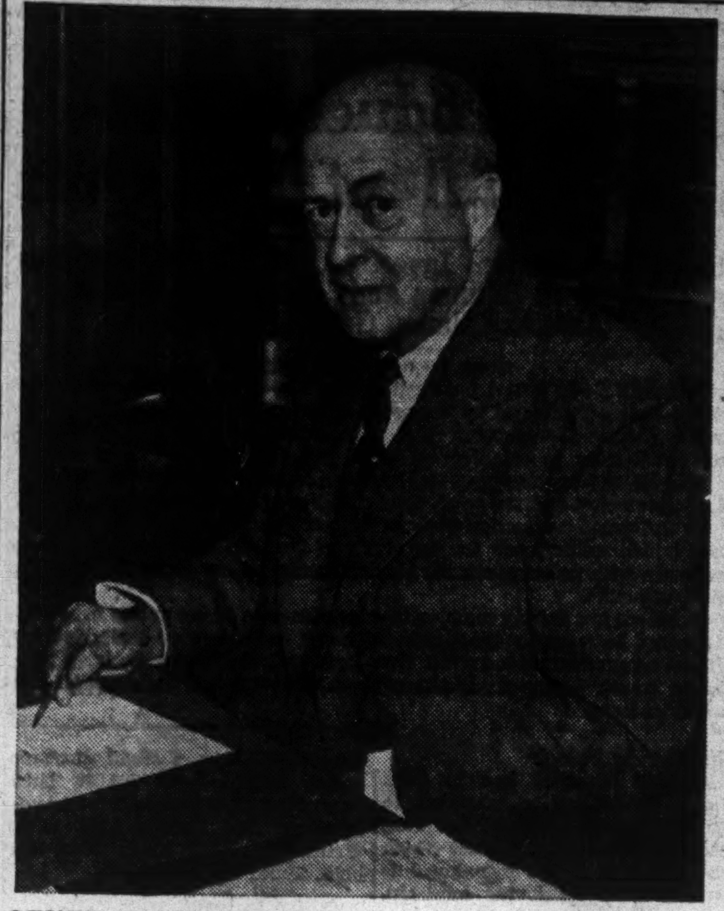

GENERAL MANAGER

F. Hedley Marsh, whose appointment as general manager of the Bank of Toronto was announced last week.

Bank Chat

What is believed to be one of the biggest banking robberies of its kind ever to take place in Canada was carried out last week at the Jordan Station branch of the Imperial Bank of Canada in the St. Catharines district, Ontario. Some $80,000 in bonds and stocks was taken from the safety deposit boxes of Ezra Honsberger, a prominent fruit grower of the district. The branch is open only three days a week and there was no cash kept at the bank. The vault door was blown open and six safety deposit boxes rifled. Two of the boxes belonged to Mr. Honsberger. Two of the other boxes were empty and from a fifth one, a quantity of jewellery was taken. The intrinsic value of the jewellery was placed at not more than $100 but as some of it was very old its sentimental value to the owner was much greater. The registered bonds stolen can be replaced but the bearer bonds may be a total loss.

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Oct. 10	Holiday	
Oct. 8	1.00⅞	1.00 11/16
Oct. 7	1.00 11/16	1.00 11/16
Oct. 6	1.00 11/16	1.00 11/16
Oct. 5	1.00 11/16	1.00⅝
Oct. 4	1.00 11/16	1.00 11/16
U. K. Pound	**Closing**	**Last Year**
Oct. 10	Holiday	
Oct. 8	4.83	4.95¼
Oct. 7	4.82⅝	4.95 1/16
Oct. 6	4.83⅝	.....
Oct. 5	4.84	4.95¼
Oct. 4	4.83¼	4.95⅝

Other Currencies, Oct. 10

Australia	3.86¾	Italy	.0531
Belgium	.1704	Japan	.2818
Czecho.	.0348	Jugoslavia ...	.0236
Denmark	.2152	N. Zealand ..	3.90
France	.0270	Norway	.2426
Germany	.4081	S. Africa	4.82⅝
Greece	.0089	Sweden	.2486
Holland	.5482	Switzerland ..	.2299
Hungary	.1997	Hong Kong ..	.3023
India	.3611		

Silverwood Subsidiary To Surrender Charter

Notice is given in the Ontario Gazette that the charter of Silverwood's Ltd., inactive subsidiary of Silverwood Dairies Ltd. will be surrendered on Oct. 17.

Since March 28, 1936, the various subsidiaries of Silverwood Dairies Ltd. have been consolidated into one operating company in accordance with the plan of reorganization.

Silverwood's Ltd. was the London operating plant and there now remain two charters not surrendered; those of London Cold Storage Co. and Silverwood's Toronto Dairy Ltd.

Dominion Bridge Co. Awarded Quebec Job

MONTREAL. — Dominion Bridge Co. has been awarded a contract by the Quebec Government for the superstructure of the new bridge across the Harricana River from the Amos-Macamic-Ville Marie Highway. Contract for the substructure was awarded to the Hull Construction Co.

The bridge is being built at an estimated cost of $250,000. Contract to Dominion Bridge, which covers the steel and superstructure, will cost about half of that amount.

Greening Wire Net is Reduced

Sales Well Maintained But Losses on Inventories

Sales of B. Greening Wire Co. for the year ended June 30, 1938, compared favorably with those for the preceding period, according to H. B. Greening, president. Profits, however, are smaller because of inventory losses.

Net of $139,042 for the latest period is equivalent to 70 cents a share on the 190,000 no par value common shares outstanding. On the same basis the company earned $1.05 a share last year.

On October 1, 1937, the former preference stock was redeemed. Old common shares were split on an eight-for-one basis and additional shares sold to provide funds for the preference redemption. No dividends had ever been paid on the old common, but three 15-cent payments were made from last year's earnings and the same rate has been continued to date.

Outside of the changes in capital arising from the stock changes, financial position does not show much change from a year ago. Working capital is down slightly, but cash of $240,862 is up from $167,692 a year ago.

Income and Surplus Account
Years Ended June 30

	1938 $	1937 $
Net oper. profit	269,042	342,072
Less: Factory mgmt. & selling	18,000	18,000
Depreciation	48,361	65,642
Patents w/o	1,639	......
Directors' fees	1,000	1,000
Legal expense	1,000	1,000
Executive salaries .	17,000	17,000
Tax provision	43,000	40,000
Net profit	139,042	199,430
Less: Preferred divid.	11,375	102,375
Common dividends .	85,500	......
Surplus for year	42,167	97,055
Add: Previous surplus	659,442	562,387
Adjustments	1,292	......
Less: Pref. stock prem.	65,000	......
Surplus forward	637,901	659,442
Working Capital		
Current assets	861,015	884,722
Current liabilities	134,651	196,269
Working capital	726,364	688,453

Consolidated Press Ltd. Reduces Its Dividend

A dividend of 15 cents a share has been declared on the class A shares of Consolidated Press Ltd., payable Nov. 1, 1938, to shareholders of record Oct. 15. Since May of last year the company has been paying at the regular rate of 25 cents a share quarterly, equivalent to an annual rate of $1 a share. The company formerly paid $2 a share annually, but the payments were passed in 1932 and no further disbursements were made until last year.

Professional Offices Ltd. Pays Interest Coupons

Professional Offices Limited, Toronto real estate property, is paying coupons which became due July 1, 1935, on Oct. 15, 1938. The company paid another coupon in January of this year.

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Philippine Tel. Offering Bonds

Company Earns Bond Interest by Good Margin After Depreciation

From Our Own Correspondent

MONTREAL. — A public offering of $1 million of 6% first mortgage sinking fund bonds series A, of Philippine Long Distance Telephone Co. is being made by W. C. Pitfield & Co. at par plus accrued interest.

Incorporated in Philippine Islands, the company furnishes telephone services on the islands, including the City of Manila, with a population of approximately 350,000. Overseas radio telephone service is maintained between the Islands and the United States, Europe, etc., by operating arrangements with the R. C. A. Communications Inc. At March 31, 1938, there were 27,080 telephone stations and connecting services furnished by the company exceeded 3,750.

Net income for the Philippine Long Distance Telephone Co. for the year ended Dec. 31, 1937, amounted to $300,674, but after deduction of dividends a deficit of $67,001 was shown for the year. Surplus carried forward was reduced thereby to $322,756.

Theodore V. Halsey, president, in presenting the annual report, stated that the total number of stations at the end of the year was 26,651, an increase of 2,456 stations during 1937. Long distance revenues showed an increase of 16%.

Plan and equipment additions during the year cost the company $281,837.

Income and Surplus Account
Year Ended Dec. 31, 1937

	$
Oper. revenues	1,418,844
Add: Misc. income	11,069
Total income	1,429,913
Less: Oper. expenses	422,277
Current maint.	215,372
Net revenue	792,264
Less: Deprec. & amort.	296,256
Taxes	27,025
Gen. services & lic.	21,457
Prov. for reserves	90,000
Misc. deduction	56,852
Net income	300,674
Less: Dividends	367,675
Deficit for year	67,001
Less: Previous surplus	389,757
Surplus forward	322,756

The company is controlled by Associated Telephone & Telegraph Co. and Telephone Securities Ltd. Telephone Securities is controlled by Anglo-Canadian Telephone Co., which in turn is controlled by Associated Telephone & Telegraph.

Government Finances

An analysis of Canadian Government and municipal financial statistics for 1938 has been prepared by Wood, Gundy & Co. The booklet, which is revised annually, gives a comparative financial record of the Dominion, the provinces and the leading Canadian cities. In concise form it gives some of the more pertinent details about the financial position of the various governmental bodies.

Can. Power Net Lower in 1937-38

Debt Equity Shows Minor Decline — Reduction in Debentures

From Our Own Correspondent

MONTREAL. — Canadian Power and Paper Investments' financial statement for the year ended July 31, 1938, shows a moderate reduction in revenue and a minor decline in the net equity back of the debentures.

Revenue from all sources last year totalled $73,629, as against $80,310 the year before. The net profit available for interest amounted to $31,173, which permitted payment of interest coupon No. 12.

The profit and loss account shows that the provision for depreciation on investment securities was increased from $25,000 to $50,000. Consequently the account shows a deficit of $34,502 on the year's operations, as compared with a deficit of $16,429 the year before.

Particulars of the profit and loss account follow:

Income and Surplus Account
Years Ended July 31

	1938 $	1937 $
Total revenue	73,629	80,310
General expenses	7,518	8,871
Taxes	1,213	1,230
Misc. interest	90	126
Debent. interest	49,285	60,000
Quebec taxes	25	1,512
Depreciation	50,000	25,000
Deficit	34,502	16,429
Previous debit	2,632	88,193
Add: Net debent. chgs.	44,192	101,990
Excess tax	1,488	......
Surplus forward	8,546	2,632

During the year the company purchased and cancelled $214,300 of its 5% debentures, thus reducing the outstanding amount to $985,700. At the same time the accrued interest was reduced from $270,000 to $246,425 as a result of this transaction.

At the end of last July the company showed investments having a book value of $4,709,073 and a market value of $1,724,457. At the close of the previous year, the book value of investments was $4,896,967 and the market value $2,610,322.

Maritime Tel. and Tel. Operations Register Gain

From Our Own Correspondent

MONTREAL. — Maritime Telegraph and Telephone Co. reports 41,901 stations in operation at the end of August, a net gain of 19 as compared with the number reported at the close of the previous month. The Island Telephone Co., a subsidiary operating in Prince Edward Island, reported 4,274 stations installed, a loss of seven for the month.

Toll traffic handled by Maritime Telegraph for August, of 143,476 calls, was approximately 5.4% greater than that reported for the previous month, but 4.8% less than for the like month a year ago. This smaller volume of toll traffic was general throughout the province.

Windsor, Ont.—Payment of $180,000 in cash to bondholders of the old Essex Border Utilities Commission has started. First cheques for accrued interest on Windsor's portion of the E.B.U.C. debt have been mailed out, along with the new certificates and warrants authorized by the E.B.U.C. refunding plan.

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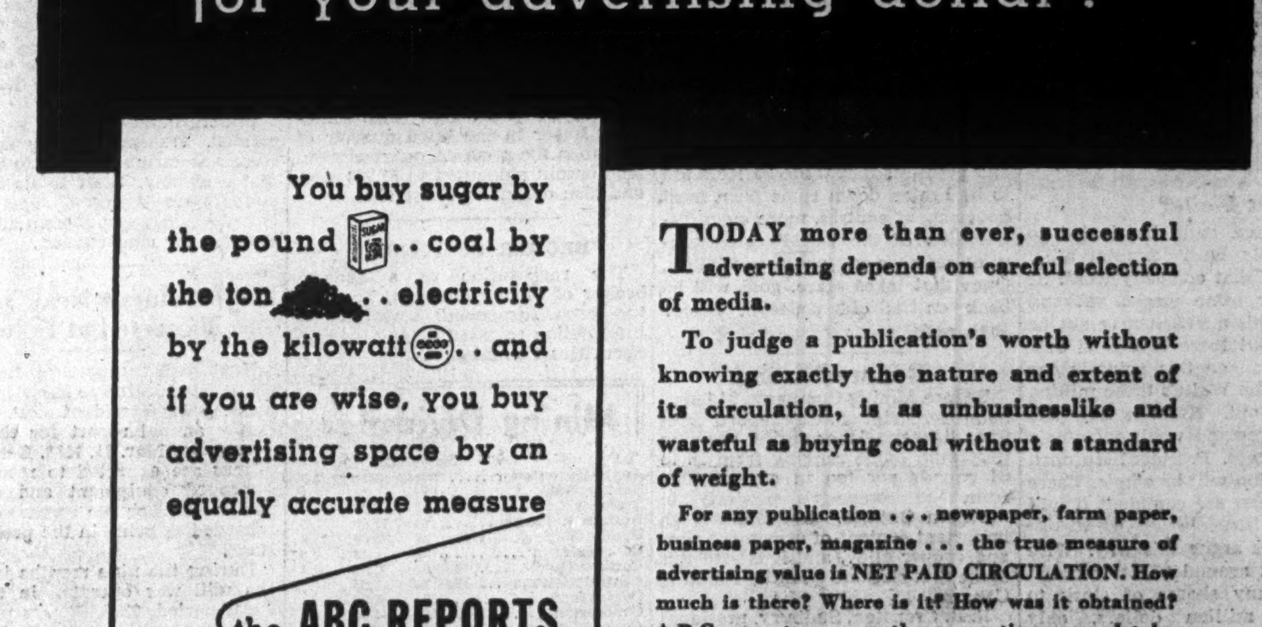

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Week in Mining

New Money for Mines Is Beginning to Flow

Base Metals Dominate Market—Copper Was All Set to Go Before Air Cleared—Peace May Mean Much to Gold

Base metals were the natural leaders of the market during the past week. From present indications, they may hold that position for more market sessions. When it became clear that armament on a large scale was going to continue and that the general economic air was, at the same time, sufficiently cleared to coax money for capital expenditure out of hiding, the base metal picture became very bright.

Copper's inventory position was not good during the earlier part of this year. Just in time it got to the stage where it could take full advantage of the new situation. Copper prices advanced strongly on all world markets and, as we write, another increase is freely predicted. September statistics, to be released shortly, are expected to show a very drastic cut in world copper stocks despite sharply increased production.

Tradition would indicate that it won't be long before lead and zinc prices will also be showing important gains.

* * *

No Excuses

With war, Thanksgiving and Columbus Day holidays all pushed aside for the present, excuses are out and there is nothing left for the market but to perform.

That it is going to perform nicely nearly everybody agrees. But investment interests are still looking for the property which will be new and spectacular, firing public imagination and helping to bring the investing public at large back into the mining market.

There are dozens of interesting properties which need more money for development; properties that look just as good, some of them better, than properties which are successful mines today. There are thousands of acres of very promising ground yet to be explored. A reckless development is definitely not what is needed. But a sober appreciation of this country's mineral possibilities on the part of a wider section of the public would open up important new mining areas, produce many agreeable fortunes for individuals and materially add to Canada's national wealth.

* * *

What Fortunes?

Think how few sizeable fortunes have been made in mining in the past five years. Think how few big new names, either of men or of properties, have passed into common knowledge in that time. The trouble is not with Canadian mining or the men in it. It simply means that without ample development money, developments do not take place.

* * *

Significant financing deals are seldom arranged over night, and no very big ones have been announced since the passing of the European crisis. It is noteworthy, however, that the number of option agreements we report this week is three to four times as large as it has been for many weeks preceding the crisis. The stream is again beginning to flow.

* * *

Growing Up

That the Uchi bond issue was oversubscribed three times is hardly surprising. It was a mighty attractive deal for the investor or shareholder.

How about this bond method of financing for mines? Tough Oakes Burnside tried it and failed. But in recent years bond issues have been notably successful. Noranda's issue to build its smelter, Preston East Dome, the Lamaque issue which, incidentally, worked out nicely for Teck Hughes, which took the bonds at around 70 and got out with the 100. Now Chromium Mining and Smelting is going to take the bond route.

Not all mining men are convinced of the merits of bond financing. "A mine doesn't seem to me to be the right kind of collateral for a bond," one very prominent mine executive remarked. "Of course, where the ore is all blocked out ahead of time I guess it's all right, but . . ." In short, he didn't like it.

* * *

How About Waite?

Will a bond issue be floated to build the big Waite Amulet mill? Directors of that company won't be meeting for some weeks yet and even then this question may not be answered, but there is a good deal of speculation on this point in the street. All the Waite's three million shares are out. Noranda saw the bond-issue method work out nicely in her own case. President Murdoch says $1 million will be ample. There are many who are confident it will be a bond issue.

The others argue this way. With Waite stock around $7, it wouldn't take so many shares of stock to raise the million dollars, only around 150,000. That would not seriously weaken the equity of present shareholders, or "water" the dividends. Furthermore, Noranda is likely to be a big participant in either bonds or extra stock, so that in the end that company might come out about the same either way.

* * *

The implication of bond financing in general, however, is very significant for Canadian mining. As much as anything else, bond financing signals growing maturity, adulthood. Properly handled, it should mean a larger return for the individual shareholder. Badly handled, or used where circumstances do not justify, the shareholder might find it a boomerang and find his "mortgaged" property foreclosed.

* * *

Co-operation

Jack Hammell's current troubles in the Province of Quebec come under somewhat ridiculous circumstances, but are nonetheless serious, not only for Mr. Hammell but for the mining industry.

He has just given the order to close down development at Siscoe Extension. The reason seems to be that all the surface acreage around the shaft house was in the dim past not patented. Now, it appears, the Quebec department of colonization is claiming that some of its colonists have the right to take up this land. The fact that colonists are in the way of mine development and that there are tens of thousands of other acres for them has not yet apparently struck the colonization department as important.

Jack Hammell's opinion of the Quebec Government's idea of co-operation with the mining industry is not exactly a secret. Nor is this his first encounter with officialdom there. Even before the present episode, he has sworn mighty oaths never again to touch a mine property in Quebec. If Jack keeps that promise, the loss is Quebec's. There is more than enough to keep him busy—and prosperous—elsewhere.

* * *

Peace and Gold

That it may have been very lucky for gold interests that the European crisis blew over is the opinion now gaining ground. Figures coming out now reveal some not-too-pleasant facts: Since 1934 when the U.S. dollar was revalued and became the most important world currency on a fixed gold base, the U.S. has been the world's chief buyer of gold, virtually obliged to take all that was thrown at her. During that time, filled with European alarums and excursions, they have had to go on buying gold until today Uncle Sam has $13,516 millions in his gold vaults. Great Britain's equalization fund lost $50 millions of gold trying to support the pound during the recent scare. The French fund lost an estimated $300 millions.

The United States can easily stand a few big gold rushes to its shores. The danger comes when, as during the past few years, these rushes come repeatedly. Great Britain and France are the only European nations with any substantial amounts of the yellow metal and their combined stock amounts to less than half that of the United States.

* * *

Stake

United States has a tremendous stake in the gold standard and that stake increases with every rush. At the same time, every rush decreases the stake of Britain and France in gold. In short, the more gold United States takes from other countries, the less reason they have for respecting gold as a currency basis. This the United States can't afford either, because of its own gold hoard.

The problem is: how long will U.S. go on buying all that comes? Had the recent crisis lasted much longer, the U.S. gold purchase policy would have been very severely strained. The gold standard nearly went overboard after 1918. There are quite a few who fear that it might have gone farther than that in a war today.

Now that Europe seems to have passed into a saner and safer state, and promises that trade barriers are to be beaten down come from most government centres, more even distribution of the world's gold supplies seems a very real possibility. Once that takes place, gold will be back on its old pedestal, firmer than ever.

Redore Mining

Redore Mining Company, Ltd., announces receipt of assay reports from five different laboratories showing beryllium oxide ranging from 16 to 68 pounds per ton in ore sampled from the company's property in northern Ontario. Beryllium is an important content of armament steel and copper alloy, and it is said this is the first sizeable quantity found in Canada.

R. R. Cranston, Sudbury, president of Redore, a mining geologist, is in charge of the development. The property consists of 1,200 acres about 14 miles northwest of Gogama on the main line of the Canadian National Railways.

Plans have been made for installation of a small magnetic separator to concentrate elements.

Immediate plans are to continue property development and to ship the concentrates from the mine to markets in New York and London, Eng. The method to be used at present in developing the mine is open pit mining.

Strong financial backing has been obtained, it is stated.

Assays reportedly show beryllium oxide, tin, tantalum oxide, gold, platinum and uranium.

WOOD CADILLAC

MONTREAL. — The east drift on the 375-ft. level of the Wood Cadillac Mine has been advanced 120 feet, according to a progress report issued by the company's consulting engineer.

The present face is still in good ore and the development on this level continues in a satisfactory manner, it is stated. A total length of 300 feet of continuous ore, all of good grade, is now being approached.

Still Battling On Surf Inlet

Ralston Files Requisition for Another Meeting—Aspire to Control

From Our Own Correspondent

VANCOUVER.—Conflict still prevails in the internal set-up of Surf Inlet Consolidated Gold Mines. Shareholders who favor return of the former management which was ousted by the Petley interests have signed a requisition for a general meeting to remove the present board and install a new one.

James C. Ralston has filed the requisition in which he states that E. L. Petley undertook to advance money for the development of the company's mill capacity, but that he failed to do so on the arranged date and even failed to make good when an extension of time was given him until October 1.

Mr. Ralston also claims the company paid an expense account of Mr. Petley amounting to $1,000 and he maintains that this account should not be chargeable against the company. Mr. Ralston adds:

"I might point out that when the shareholders I represent got control of the company and its mining operation, after J. B. Woodworth had been in charge for three years, the company was approximately $20,000 in debt for wages and supplies. In the two years that followed all the debts of the company were paid, and the operation of the company's mine improved to a point where an operating profit of between $5,000 and $8,000 per month was being made, and that management, if it had not been disturbed, had plans in hand which would have resulted in a further large increase of earning power within the next 12 months."

Silicosis Mask Said Effective

International Labor Body Hears of British Device

Development by the British Government's scientific research department of a new respirator, that is expected to give effective aid in combating the silicosis hazard in dusty industries, was disclosed when the World Silicosis Conference met in Geneva recently.

Although medical experts attending the conference were openly sceptical as to the value of most of the anti-dust masks now in use, it was explained that tests made with the new British mask in the coal fields of South Wales have proved it to be surprisingly efficient.

The mask, known as "Mark IV," is of the filter type. The filtering material, incased in bunting, is arranged in two hollow pads that are applied to the cheeks of the wearer. The pads are easily detached from the face-piece, and the dust collected on the outside of the bunting can be brushed off in a moment.

Dr. E. L. Middleton, medical inspector of factories in London, in describing the mask to the conference, said that it had been tried out under the hardest conditions that could be found in industry in Britain, and had been worn through an entire working shift without any complaints as to discomfort having been received.

Urging the need for "radical suppression of dust at the source when possible," the report recommended that dust-protection masks and similar appliances be utilized only when other methods, such as the suppression of dust at its source, are not applicable.

Schools for Miners

Youths Off Relief Taught Mine and Mill Methods

From Our Own Correspondent

HALIFAX, N.S.—In this province youth is being taught to use its hands.

On the payrolls of Noranda, O'Brien, Aldermac, Lake Shore, Teck Hughes, Macassa, Paymaster, Dome, McIntyre, Pamour and other northern Canada mines are young Nova Scotians, who 15 months ago scarcely knew what a gold mine looked like. Now they are "semi-skilled" labor.

Why? Because 15 months ago Nova Scotia pioneered the way in a scheme which other parts of the Dominion are now either copying or enquiring about the mine apprentice project.

Success of the scheme is reflected in the figures. These show that 150 received permanent employment, about 40% in northern Canada and 60% in Nova Scotia.

This is most pleasing to the project's sponsors, the Provincial Department of Mines, because all those chosen were boys from 21 to 25 who were on relief rolls. They were apprenticed to skilled men in the Lacey mine, an old gold mine at Chester Basin. For 25 weeks they worked at every job possible. Mucking, chute tapping, tramming, helping, and general work. On Saturdays there was "school" for three hours, with 1½ hours on other days.

343 Boys Trained

To date training has been given to 343 boys, 90 of whom are still being trained, and 130 of whom failed to complete their training. Besides those placed in mines others have found jobs in oil tankers, foundries, shops, sawmills, power boats, pumping stations, tractors and garages.

The project operates under Dominion - Provincial agreement, the Dominion Government having promised last March to contribute up to $50,000. In that month Nova Scotia's mines minister, Hon. Michael Dwyer, announced he had obtained official promise of $100,000, including the provincial and federal government contributions.

Because many of the young men will seek hardrock employment in northern Canada, where freedom from respiratory disease is required before getting a job, the province employs the same X-ray technique as is used there.

Trainees get 50 cents a day and their board. They work 7½ hours, five days a week. These rates are increased to 50, 60, 75 and $1 a day as they progress. They receive their working clothes and 80 cents allowance for board.

Gold produced is sold to reduce the cost of the project. The estimated net cost of training each apprentice per month is $55.

The Lacey Mine is down to the 300-ft. level and 1,000 feet distant the apprentices have started a second shaft, "the Gammon Mine." The framing and construction was done by a group of seven young men whose average age is 21 years.

Consolidated Smelters Lead Production Rises

Production of lead by Consolidated Mining and Smelting Co., amounted to 50,342 tons in the three months ended Sept. 30, 1938, compared with 47,863 tons in the same period of 1937. Zinc output registered a decline amounting to 33,973 tons for the third quarter compared with 40,120 tons last year.

Output of gold and silver showed little change, gold produced in the quarter amounting to 13,453 oz. as against 13,554 oz. last year and silver production declining to 2,276,026 oz. from 2,289,585 oz. last year.

Level of production was somewhat lower in the third quarter of 1938 than the previous quarter when lead output amounted to 51,328 tons, and zinc output to 40,641 tons.

BROKER SUSPENDED

The registration as a general broker of Meyer Brennen, Toronto, has been suspended, according to information released by the Ontario Securities Commission.

Mining Dividends

	Rate	Oct. 10	%
Anglo-Huronian	10c	3.10*	3.2
Beattie Gold	10c	1.20	8.3
Bralorne	60c+40c	9.25	*10.8
Buffalo Ankerite	$1	15.00	6.6
Bulolo Gold	$3	26.50	11.3
Can. Malartic	6c	.84	7.2
Cariboo Gold	10c+6c	2.25	*7.1
Central Patricia	16c+2c	2.55	..
Coniagas	25c	1.30	..
Coniaurum	10c	1.30	..
Cons. Smelters	50c+50c	60.50	..
Dome Mines	$2	33.12	6.1
Falconbridge	30c	5.50	5.4
Gunnar Gold	†3c	.66	4.5
Hedley Mascot	12c+4c	1.12	*14.3
Hollinger	65c+45c	15.00	*7.3
Hudson Bay	75c	31.75	..
Inter. Mining	35c	9.12	..
Int. Nickel, com.	$2+25c	54.75	*4.1
Island Mountain	5c	1.35	3.7
Jack Waite	†1½c	.40	..
Kerr Lake	5c	.46	..
Kirkland Lake	8c	1.27	6.3
Kootenay Belle	16c+2c	1.40	*12.9
Laguna	†5c	.22	..
Lake Shore	$4	49.50	8.1
Lava Cap M.	8c	.98	..
Little Long Lac	20c	3.15	..
Macassa	20c	4.90	4.1
McGillvray Creek	3c	.21	..
McKenzie Red Lake	12c	1.20	10
McKinley Sec.	5c	.60	8.3
Moneta	†3c	1.50	..
McIntyre Porc.	$2	48.25	4.14
Noranda	‡$2	78.50	..
Nipissing	15c	1.75	..
North Empire	50c	8.00	6.2
Oro Plata	†4c	.50	..
Pamour Porc.	‡12c	4.50	..
Paymaster	‡1c	.65	..
Pioneer, B.C.	40c	2.82	14.2
Pickle Crow	40c	5.25	7.6
Placer Develop.	$1.20	14.50	8.3
Premier	12c	2.27	5.2
Reno	10½c	.37	..
San Antonio	14c	1.30	10.7
Sheep Creek	12c+4c	.90	*17.7
Silbak Prem.	8c	1.83	4.3
Siscoe	20c+1c	1.65	*12.7
Sudbury Basin	10c	2.70	3.7
Sullivan Cons.	5c	1.00	5
Teck-Hughes	40c+5c	5.00	*9
Toburn	8c+6c	2.20	*6.3
Ventures	37½c	5.20	7.2
Wright-Harg.	40c+30c	7.55	*9.3

‡Interim. †Initial.

Expects Ronda Mill Ready Early in 1939

From Our Own Correspondent

SUDBURY.—Mill construction at Ronda Mines is progressing well up to schedule, E. H. Dickenson, president, said on return from the property. Concrete is being poured for mill foundations. Mill of 125-ton capacity, being constructed by Burnham and Shoemaker, is expected to be complete early next year.

Raise to surface was to be finished this week, and building of a headframe started. The raise on completion will constitute the main shaft.

Underground work is to be expanded. Transmission line from the Hydro-Electric service is to be completed shortly. Staff totals 53 men, under Jack Thomson, superintendent. An additional 20 men are being engaged for construction.

Improvement Next Year Expected at Belleterre

Next year's report of Belleterre Mines is expected to show improvement, states President J. P. Bickell, in the annual report for the fiscal year ended Mar. 31, 1938. Better conditions are expected to result from improved equipment and cheaper power although the company is still regarded as being in the prospective stage.

During the nine months in which the mill was operated in the 1938 fiscal period, $275,187 was produced from the milling of 29,828 tons of ore giving an average recovery of $9.23 per ton.

Ore reserves were estimated at 234,017 tons as at March 31, 1938, with an average value of $9.88 per ton.

Balance sheet of the company as at March 31, 1938, showed current assets at $92,763 as against current liabilities of $71,983. In addition McIntyre Porcupine had advanced $360,000.

Malartic Gold Fields Reports on Progress

During the period from Sept. 1 to 15, 1,539 ft. of drilling was completed at the property of Malartic Gold Fields, according to a progress report issued by J. P. Norrie, general manager. Drill hole No. 90 is stated to have confirmed the upward extension at 250 ft. of the ore zone cut in hole No. 80, where 15 ft. assayed $19.25 per ton. No. assays have yet been completed, however.

Drilling to the east in holes 87 and 88 encountered continuation of the porphyry zone with low assays, so that No. 7 ore zone remains 2,020 ft. long with an average value of $10.60 per ton across 8.5 ft.

The Week in Oils

Crude Producers Not Fearful of Oil Quiz

Royal Commission Investigation of Oil Business Directed at Refiners and Distributors, Not at Alberta Oilmen, General Opinion

From Our Own Correspondent

CALGARY.—It is not anticipated that the Alberta crude producers will be seriously affected by the probe of the oil industry just announced by the Alberta Government. But an Aberhart enquiry, with attendant window-dressing, is not likely to be of any present help.

The Royal Commission of two has been instructed to examine the cost of oil production and the retail price of oil products to consumers.

So far, crude production costs in Turner Valley are moderate and the price which refiners pay for the crude at the well head compares very favorably with prices given for similar quality oil in other oil fields on this continent.

But there is a feeling common to a large section of the public here that the spread between the price paid for crude and the price demanded for refined oil products is too wide. Two large refining companies have purchased Turner Valley crude almost from the start, and have established refineries here.

* * *

Cut Crude Price?

Premier Aberhart has, to date, shown no inclination whatever to hamper the Alberta oil operator. The conservation programme which his Government has introduced is causing some temporary hardship, but most operators admit that it is in the general interest, and will help rather than hurt the oil business.

It is not thought, therefore, that the purpose of the impending probe is to strike at the crude producers.

It has been pointed out, however, that a cut in crude oil prices paid to producers in the mid-continent field of United States is now threatened. If the Alberta Government goads the refining companies too much and attempts to start paring their profits, it is held not improbable that the Turner Valley crude price might be revised downward.

* * *

Significant

Brown Consolidated well came in over the week end, giving one of the greatest shows of Turner Valley oil history. When production settles down, it is thought 800 barrels a day may be its rate, which makes this one of the important Alberta wells.

Significance of this development on the southwest flank for the Turner Valley outlook can hardly be overestimated.

* * *

Big Money?

Very significant for the future of the Alberta oil industry is the announcement made in the British House of Commons by Malcolm McDonald, secretary for the dominions. He stated the British Government is interested in developing crude oil supplies within the Empire. He said that the Government was interested in not only Turner Valley but other outside structures in Alberta, but that detail of their programme was confidential.

During the summer, several representatives of the British Government visited Turner Valley, including Air Marshal Sir Edward Ellington. From unofficial but reliable sources, it is stated here that British capital will shortly be available for oil development in a big way.

* * *

Progress

Annual meeting of Highwood Sarcee Oils is being held here Oct. 17. The annual statement indicates a net operating loss of $151 for the year. Actually the company made fair progress. It paid off its bank loan of $13,000 and cash on hand increased from $2,000 the previous year to $19,496. This is rather typical of other oil company statements as all possible write-offs are provided for to keep down income taxes.

Highwood Sarcee owns or controls gas and petroleum rights on approximately 35,000 acres in Turner Valley and nearby structures. The company has enquiries from several reliable parties wanting to develop some of this acreage. Over $40,000 has been spent developing Sarcee acreage to date.

The company recently installed gas lines to the towns of Little Chicago and Little New York, and also to several wells in the course of drilling where gas is used to fire the boilers. This will eventually add considerably to Highwood's revenue.

* * *

"Frivolous"

The Conservation Board's order prorating 96 gas wells to about 10% of their capacity goes into effect on October 15. If this order is enforced it virtually means closing down the independent gas wells and at least three of the four absorption plants.

The A. H. Mayland companies have taken legal proceedings and the action is returnable for argument as The Financial Post goes to press. Should it be successful, the Board's orders would be set aside and the well allowed to produce as heretofore. In the statement of defense, the solicitors for the Attorney-General termed the action "frivolous, vexatious and embarrassing" and denied all allegations made by the plaintiff.

* * *

To Report Soon

Gas pressuring experts who recently made a survey of the Turner Valley field are now preparing a report as to the cost, feasibility, etc., of installing a plant that would recycle the gas now wasted back into the field. It is expected the report will be available shortly.

* * *

Standard Coming?

It is unofficially reported here that Standard Oils of California are going to commence deep drilling operations in the province shortly. The company has had two seismograph crews working in the province all summer, as well as several geologists.

* * *

Approximate production from the Turner Valley field for September was 792,631 bbls., a slight decrease under August with 794,630 bbls. Production from other fields in August was: Red Coulee 1,168 bbls., Wainwright 1,130 bbls., Dina 640 bbls., Taber field 1,455 bbls.

* * *

The brokerage firm of Osler, Hammond and Nanton, Winnipeg, managers of the Calgary & Edmonton Corp., are opening a brokerage office in Calgary.

* * *

Col. L. D. M. Baxter, manager of the Calgary & Edmonton Corp., was elected a director last week.

* * *

East Crest Oil Co. announces securing an additional 160 acres from Okalta Oils in Section 6, Twp. 19, Range 2, West of the 5th. East Crest now holds 320 acres in this section.

C.I.O. Threat In Coal Field

Union Conflict May Have Serious Results in Saskatchewan

From Our Own Correspondent

REGINA.—The battle between the C. I. O. and Canadian Federation of Labor has raised its head in the south Saskatchewan lignite mine field and judging from present conditions may be a fight to a finish.

The fight is mainly for recognition of the United Mine Workers of America, a C. I. O. union. Mine owners have flatly refused to have anything to do with the C. I. O. organization and lean toward the Canadian Federation of Labor union.

Coming at a time when coal supplies are a necessity, the tie-up may mean hardship if the present strike, now on a small scale, expands. There are indications that if it does expand, it might affect Alberta mines which are largely manned by U. M. W. A. men.

Trouble started when the Western Dominion mine, one of the Great West group in the Souris Valley area, posted notices the mine would operate under a closed shop regulation with Canadian Federation of Labor rules. When six men who were not members of the C. F. of L. union were refused work, a U. M. W. A. organizer from Alberta, John Stockaluk, retaliated by calling out more than 100 men in the Wilson mine, another of the Great West group.

Owing to the fact the Western Dominion was not operating at full capacity, Stockaluk argued the Wilson mine was filling Dominion Western orders and defeating U. M. W. A. purposes in the strike. There is a third mine in the Great West string and it is the Bienfait mine.

Increased wages are a U. M. W. A. strike demand, but before any negotiations will take place there must be definite recognition of the U. M. W. A. or C. I. O. as the men's union.

Governmental observers report the situation to be somewhat rare, as 50% of the men belong to both the C. I. O. union and the C. F. of L. Each maintains it has a definite 25% of the men signed up exclusive of the 50% that appear to be in both unions. On this basis both unions claim a 75% sign up. Which is right remains to be seen.

Before long it is feared the entire mine field may be involved in a general strike and there are threats Alberta unions will be called out.

Alberta coal stocks are larger than those of Saskatchewan because lignite cannot be stored.

The Souris Valley field in Saskatchewan contains a number of mines. One of the largest is a strip mining proposition, taking the coal out by steam shovel after removing the overburden. The remainder are either deep seam or hill-side shafts, the latter being operated by farmers.

Preston East Dome Mines Reviews September Work

During September 68.25 tons of ore were shipped by Preston East Dome Mines from the high-grade zone at the 550-ft. level to the Temiskaming Testing Laboratories for bulk sampling, according to a progress report released by the company. In addition 838 tons of ore were added to the surface dump in the month.

A length of 240 ft. of high-grade ore has been opened up in the 503 east and west drifts at the 550-ft. level and 100 ft. of ore has been disclosed by the 505 east and west drifts at the same level with a face average of $10.78 per ton, an unreduced muck average of $24.30 per ton or a reduced muck average of $10.88 per ton. The main drive west has been started at the fifth level.

On Sept. 23, work was commenced on the mill site, while work on a tailings disposal dam was started on Sept. 30.

Development work completed during the month of September comprised 492 ft. of drifting and crosscutting and a certain amount of slashing.

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Mining Enquiries

Coulson Consol.

I am informed that Coulson Consolidated Gold Mines has been taken over by Devon Gold Mines. Is this correct? If so, where should I send my certificate to obtain the new shares?

Coulson Consolidated Gold Mines was succeeded by Devon Gold Mines on the basis of one Devon share for each three Coulson Consolidated shares held. Distribution of the Devon shares has not yet been made as they are being held in escrow. When the exchange of shares is eventually made you should send your certificate in to the Prudential Trust Company, Toronto, which is the transfer agent for Devon Gold Mines.

Empire Mercury

Please tell me your opinion of Empire Mercury Mines Ltd., Vancouver.

Empire Mercury Mines is now installing a 10-ton mercury furnace for sampling as an initial unit. Value of the ore there will not be known until treated by the furnaces.

Mercury prices will probably decline some with peace in Spain. That country is the largest mercury producer and mercury markets have been rather sparsely supplied during the Spanish War.

Company has financial backing from Nesbitt Thomson which is important for its future.

Martin-Bird Gold

What is the explanation of the decline in the price of the shares of Martin-Bird Gold Mines?

There are several possible explanations for the decline in the price of the shares of Martin-Bird Gold Mines. Possibly the public has been disappointed in the results of development operations to date. Ore reserves as at May 31, 1938 were stated to 158,800 tons comprising 134,500 tons of developed ore averaging $7.43 per ton and 24,300 tons of probable ore averaging $6.60 per ton. Officials stated these reserves were sufficient to supply a mill of 150-ton capacity for three years or a 200-ton mill for two years. The financial position as at May 31, 1938, showed current assets of $25,937 including cash of $19,503, as against current liabilities of $10,435.

Negotiations at present are being undertaken with a view to financing the construction of a mill. Officials do not expect a reorganization will be necessary although 3,405,000 of the company's four million shares authorized were outstanding as at May 31, 1938.

Perhaps the most likely explanation is the general price decline recorded by junior gold stocks. We would not regard this too seriously, however, as companies with proven ore reserves usually find it possible to secure the necessary finances for mill construction.

Beaverhouse

What is the stock market value of Beaverhouse Lake Gold Mines? What do you think of this property? Premier Gold Mines has been very shrewd in its developing of mines.

Beaverhouse Lake Gold Mines is held largely by Bunker Hill Extension Mine with Premier Gold coming in on an option to assist in exploration work. Company now has some 33 claims in Larder Lake area, about four miles northeast of Upper Canada Mine.

Dewatering of the old workings down to the 200 level has been completed and crews are now busy rehabilitating the interior for examination of ore bodies. Two drill holes have been put out looking for continuation of the ore zone and results are reported to have shown ore. Drilling is to be continued and crosscutting will be started shortly. At the present time some $8,000 per month is being spent on development work. Stock is closely held and at present there is no market. Aside from Premier's interest in the property which is probably very significant, indications so far suggest this is rather an ordinary speculation.

"Cayley, I've Been Hearing Things About You!"

WELL, CAYLEY, OLD MAN, I HEAR YOU'RE HAVING TEA SERVED EVERY DAY AT YOUR OFFICE. HOW DO YOU EVER MAKE UP THE TIME YOU LOSE IN THE GIDDY SOCIAL WHIRL?
I DON'T WORRY ABOUT THAT. THE STAFF SOON MAKE THAT UP AFTER TEA'S FINISHED. I'VE FOUND THAT IT JUST ABOUT DOUBLES THEIR EFFICIENCY.
NO FOOLING? TEN MINUTES TIME LOST BY 35 PEOPLE 300 DAYS A YEAR? THEY COULDN'T MAKE THAT MUCH UP
TEN MINUTES, NONSENSE! THEY TAKE TWO MINUTES AND THE TEA'S SERVED AT THEIR DESKS. AND BOY, I'VE GOT A CONTENTED, ENERGETIC STAFF NOW! I WOULDN'T TRADE IT FOR YOURS.
BUT, GREAT SCOTT, THINK OF THE NUISANCE—THE DISTURBANCE—THE ADVANTAGE SOME OF THEM WOULD TAKE OF IT—
BOSH! NO NUISANCE OR NOISE WHEN TEA'S SERVED RIGHT AT THEIR DESKS—AND THEY APPRECIATE THE TEA TOO MUCH TO RUN ANY RISK OF HAVING IT STOPPED.
I'M ALMOST CONVINCED—IN YOUR CASE AT LEAST. BUT DO MANY FIRMS GO IN FOR THIS TEA IDEA?
OVER 300 IN CANADA HAVE STARTED SERVING TEA TO THEIR STAFFS WITHIN THE LAST TWO YEARS. JUST TRY IT FOR A MONTH, AS THE TEA BUREAU SUGGESTS.
I WONDER HOW MANY OF THEM KEEP ON AFTER THAT MONTH'S FREE TRIAL?
FIGURES SHOW THAT 98% OF THOSE FIRMS WHO TRIED IT HAVE MADE IT PERMANENT. SO WILL YOU, ONCE YOU SEE HOW YOUR STAFF APPRECIATES IT AND HOW MUCH BETTER WORK THEY DO THE LAST HOUR OF THE DAY.
A PROMINENT BRITISH EXPERT ON FACTORY AND OFFICE DEVELOPMENT, WRITING UNDER THE NAME OF ERIC PALMER, SAYS: "I HAVE BEFORE ME STATEMENTS OF 400 FIRMS, ALL OF WHOM SUPPLY TEA TO THEIR WORKERS, AND ALL OF THESE SAY THAT THIS NOTICEABLY INCREASES EFFICIENCY AND CONTENTMENT IN THEIR SHOPS, OFFICES AND FACTORIES."

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Quebecs Gold Output Grows

Slight August Decline Far Offset by Year to Date

From Our Own Correspondent

QUEBEC.—Production of gold and silver in Quebec province reached an all-time high during the first eight months of the present year, according to the Quebec Department of Mines. Gold production was 568,393 ounces or 112,483 ounces above the output for the same period last year. Silver totalled 729,157 ounces compared with 177,402 ounces in 1937. Quebec gold output to the end of August was worth about $19,893,755.

Official figures covering mineral output for the eight-month period follow:

	1938	1937
Asbestos, tons	180,334	269,820
Gold, ozs.	568,393	455,910
Silver, ozs.	729,157	551,755
Clay products	$580,515	$636,746
Lime, tons	82,363	107,287
Cement, brls.	1,646,417	1,645,829

Monthly figures for Aug., 1938, Aug., 1937 and July, 1938, are:

	August, 1938	1937	July, 1938
Asbestos, tons	24,820	36,881	72,382
Gold, ozs.	71,475	56,869	72,383
Silver, ozs.	108,657	157,577	102,229
Clay products	$110,543	$119,104	$107,481
Lime, tons	11,771	12,654	10,237
Cement, brls.	379,538	352,884	312,486

Siscoe September production was $187,388 from 17,922 tons milled, an average recovery of $10.45 per ton. August production was $190,250 from 18,503 tons, an average of $10.28.

Pickle Crow is stated to have reached the footwall of the main vein in the crosscut at the 1,650-ft. level.

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Profits from Alberta Oil

Important Factors to be Watched

Big Money Betting on the Future

By R. A. McEachern

Staff Writer, The Financial Post

How about Alberta oil stocks as an investment or a speculation? As usual, it is impossible to say more than that some look fine, others not so hot.

It is notoriously easy for Calgary, literally the head office of the Alberta oil business, to get excited about oil. In the past, some shareholders were too easily persuaded. Some have been taken for nice rides—both to joy and to sorrow. But on the whole, it is probably overoptimistic shareholders and amateur financiers as much as sharepushing wolves that have brought grief and disappointment.

What are the earmarks of a good oil stock?

The reputation, character and experience of the men who will be running the enterprise is a good starting-point. The history of both mining and oil speculation is filled with enterprises that were utter flops under one group, successes under another.

Secondly, under what terms is your property going to be exploited? Your company acquires so many leases from Mr. X. Mr. X is usually paid with some cash, then a royalty, which is a percentage share in the crude output. In a typical set-up, Mr. X will get around 15% of the value of every barrel of oil brought to the surface. He gets his 15% clear. Your company pays all the expenses.

In addition to Mr. X remember that your company has to pay another 10% gross royalty to the Government. That's a total mortgage on your property of 25%.

Perhaps there are other royalties to go on top of that again. Perhaps your company is also assuming some of Mr. X's mortgages. Find out the total "mortgage." In some cases it runs pretty high, over 50%.

A Wasting Asset

Then consider this: An oil well is a wasting asset. No matter how good its well, your company must be able to drill another well, perhaps several others and bring in another producer. And well drilling, especially in Turner Valley, takes a lot of money. Hence your company has to pay off the original cost of its well, pay its royalty holders, build up a reserve for a new well and finally pay you dividends—or perhaps they would be better termed—your return of capital. And in a number of cases, company charters rule that all the net proceeds must be paid in dividends. In these cases, unless the royalty payments are low indeed, there doesn't seem to be much hope for your company being able to stay in business.

Oil Leases

When oil looked like a sure and simple way to riches, oil leases were grabbed up by anybody with a few dollars in his pocket. Trading oil leases was almost as popular a pastime as the now departed trading of cigarette cards.

During the past year or so, many of these doctors, merchants, street car men and plumbers with oil leases have learned things. Most of them are having their notions of the value of their leases considerably deflated. The rest are being given a chance to revise their opinions.

Consequently, for the good of the oil business as a whole, many promising properties which heretofore could not be secured for a royalty consistent with sound and continued operation are now being taken in hand by experienced operators at as little as one third the figure formerly asked.

A third factor about stock to consider: Are your company's lease holdings or drilling rights well distributed? Promising as any one holding may appear, the chances for profit and long life are best with those organizations in a position to profit from almost any favorable development.

Oil Reserves

Fourth factor is: How much oil will Turner Valley wells ultimately produce. Here, there is the utmost in controversy. I have heard one geologist declare important wells will run for 18 years; another that they will be done in 18 months.

There is no recent estimate of how much crude will be recovered from the Turner Valley pool. In some oil fields, an estimate of the gallonage which will be recovered can be made with considerable accuracy. Not so Turner Valley. The structure is very difficult and there have been long years of waste. It is admitted widely, of course, that immediate repressuring of the field will add months, probably years, to the life of the field.

Revision of opinion—upward—is doubtless now going on with wells like York 1, Sunset 2 and Brown Consolidated coming in so strongly away over on the south west flank. That changes the Turner Valley outlook very materially. If Okalta 6, more than a mile still farther west—comes in, that will demand a further revision. It will be almost sure to add thousands of acres to the "proven" Turner Valley ground, and many thousands of gallons to the recoverable crude.

The south west flank development is the best news Turner Valley has had since birth.

Effect of Conservation on Stocks

"How will the conservation programme affect oil stocks? Will it hinder the financing of new enterprise?" I asked W. F. Knode, chairman of the Conservation Board. He's hard as nails, a petroleum engineer who was born in a West Virginia oil field and has followed oil pretty well around the globe. When the great East Texas field presented the worst and the toughest conservation problem the world had ever seen, Knode—who pronounces his name K-node without "ee" on the end—was called in to do the job.

"I never saw anything that protected an investment hurting either the stock market or the influx of new capital," he drawled, taking a mighty bite at his cigar. He admitted the conservation programme had scared some financial interests. He admitted some might suffer for the general good. "But the intelligent money, as soon as it figures out what all this is about, will most certainly be behind us 100%. Conservation simply turns this business from a gamble into an investment."

Money Goes Back Into Ground

To date, Calgarians don't think they can name a single person who has made a million dollars out of oil. Most of it—some say too much of it—has gone back into the ground. They name only a few who have or are believed to have cashed in and stowed their money in other things.

In the past two years a relatively small amount of money from outside Alberta has gone in to help the oil business get going. A couple of oil men thought $2.5 millions of eastern money would be the maximum. As they go to other fields, more financing will likely be required.

But Calgary is the oil town and the oil men are clannish. Until they have to go elsewhere, they will probably finance at home.

Mr. Aberhart's Attitude

How about Mr. Aberhart and the oil business?

Astonishing as that regime has been in some respects, I have been unable to find a single informed person, either in the west or in eastern financial circles, who is holding back a single dollar from the oil business because of what the present Alberta administration may do to it. Perhaps in no other department of the Social Credit Government have politics been so strictly kept out of the administrative picture. Oil men are almost unanimous in praising the leadership and co-operation given by the minister, Mr. Tanner. By one who should certainly know I have been assured that never once has the Premier interfered in the administration of the oil business nor has he turned down a proposal regarding it from those engingtrusted with its governmental direction.

There have been many rumors going around of how some big financial or gambling interests have offered to help Aberhart fulfill his promise to the Albertans of wiping out their provincial debt, now totalling $127 millions in return for the Provincial Government's interest in the Alberta oil industry.

So far, no one has been able to confirm any of those rumors. I asked Mr. Tanner about them. "I have never seen any proposition of that nature, nor have I ever heard that any such scheme was ever submitted to this Government," he declared. He added, "I understand there was one suggestion of some kind involving a pipe line. It was thrown out without being discussed." Details of the scheme he had not seen.

There is much bitterness in the Alberta oil picture. Some operators feel that they are being badly used by a tyrannous Conservation Board. After all, operators who are ordered to close down wells that are still producing, no matter how feebly, and others who, for lack of gas, will have to close down expensive absorption plants, naturally feel grieved.

The Individual vs. Society

It comes down to the old problem of rights of the individual versus society, the good of one man or a small group compared with the good of every citizen.

Anybody can buy fishing licenses, but the law sets seasons for catching certain fish and orders the little fellows thrown back in. We have laws which prevent a laundryman starting business next door to your new $25,000 home, even though the laundryman owns the property and does not want it for any other purpose. We have a host of laws governing how you may invest your money, even how you shall make your will.

Because of the reckless way our grandfathers and fathers squandered the natural resources of this continent, the present generation is pretty touchy about natural resources. They want them used right.

Besides, those who see conservation taking dollars out of their pockets today can, if they will, see how, in days to come, it will put back more dollars than it ever took out.

In fact the whole oil picture comes down to a matter of "when." For the market trader and the speculator, a fat sure profit today is perhaps more gratifying than a problematical fatter profit tomorrow.

The signs say there are fatter profits for tomorrow in the Alberta oil business. Really big money is betting on that future.

More Finds are Reported In the New Opeeps' Field

From Our Own Correspondent

SUDBURY.—With favorable results from several of the properties under exploration in the new Opeepeesway field there has been a steady broadening of intensive search for gold in that entire section.

A find in Sewell township is reported while Bert Jerome, discoverer of the Mining Corp.'s find, is reported to have uncovered another good showing near Schist Lake in Yeo township.

Shannon Deal Confirmed

Confirmation is obtained this week of the deal reported two weeks ago in The Financial Post whereby J. A. Shannon, of Sudbury, turned over his holdings southeast of Mining Co. to that company. The property consists of 13 claims, and grab samples across a nine-foot vein are stated to have shown considerable free gold.

While it is generally accepted Jerome made the original Opeepeesway discovery, it transpires that Shannon had staked and had been exploring the field for nearly two years before, and it was the result of his showings that Jerome was attracted to the area.

Hollinger has optioned the property of Joe Burke, it is rumored here. The vein on the Burke claims is said of good width, with showings of free gold. Forty-seven claims are recorded.

International Mining

International Mining Co. is reported to have taken over the Burgford claims. It is understood development will be undertaken at once.

Freight shipments into the Opeepeesway lake camp have been so heavy that a new air base has been opened by Dominion Skyways, of Rouyn, at Biscotasing to serve the new field. They are reported to have already received a sizeable contract from Hollinger to fly supplies and equipment into the property recently optioned from the Burscott Syndicate, where Archie Burton, of Sudbury, is preparing to commence a 5,000-foot diamond drill contract.

Mining Corp. is pushing development work and it is reported cores from the deeper diamond drill holes have given encouraging results. It is understood preparations are under way to construct camps. There has been no official statement, but it is said already a substantial tonnage of low-grade to medium ore has been indicated. Field work is under the direction of Dr. Fred Burton.

On Chellew Property

Surface showings on the Chellew property in Esther township, adjoining the Burscott Syndicate holdings, to the northwest of the Mining Corporation, are reported creating considerable interest on the part of representatives of some of the major mining companies.. A company will be formed by Chellew to develop the property, with the backing of mining interests from the Little Long Lac field.

A company is being formed to take over the Taylor property consisting of 17 claims in Osway.

Gold Shore Sale Offer

John Hammell Offers to Purchase Property For Saga Shares

An offer has been received by Red Lake Gold Shore Mines, from John E. Hammell, for the purchase of its property for 250,000 shares in a new 5,000,000-share company, Saga Gold Mines, which is to take over and continue development of Mr. Hammell's Red Lake property where diamond drilling indicates two ore zones. Under the offer made by Mr. Hammell, Red Lake Gold Shore preferred creditors will receive claims in full and ordinary creditors will receive 25 cents on the dollar.

At Mr. Hammell's property, which is located west of Howey, diamond drilling originally indicated an ore shoot approximately 600 ft. long averaging $14 per ton across 6 ft. Further drilling extended the ore shoot to a total length of 1,000 ft. with approximately 250,000 tons indicated. About 2,000 ft. farther west, diamond drilling indicated another ore zone approximately 2,000 ft. long and 300 ft. wide. This body was drilled to about 200 ft. with results indicating it might be an extremely large low-grade ore body.

Shafts have been put down to explore both the indicated ore bodies, the shaft for the first ore shoot being down 520 ft. with an objective of 550 ft. while the shaft for the second ore body has reached its objective of 200 ft. The crosscut to the ore zone at the second shaft shows visible gold.

Mr. Hammell wishes to secure the Red Lake Gold Shore mill to provide a plant capable of bulk sampling the indicated large, low-grade, west ore body. If this body makes ore, Mr. Hammell believes a mill of at least 10,000 tons capacity will be warranted and the mill on the Gold Shore property would be of no use. If it does not make ore, the mill would be satisfactory for milling the higher grade ore in the eastern section which is stated to be pretty well proved by diamond drilling.

A special meeting of Red Lake Lake Gold Shore shareholders has been called for Oct. 17 to consider the proposed sale to Mr. Hammell which has already received directors' approval. At a meeting of creditors on Sept. 7, the majority agreed to accept a settlement of 25 cents on the dollar and others have accepted this offer since.

McKinley Mines Calls Meeting to Wind Up

Authorization of a distribution of assets and surrender of the company's charter is being sought by McKinley Mines Securities Co., at a special meeting of shareholders called for Oct. 18. Holders of more than 85% of the stock of McKinley Mines have accepted the offer of Argus Interests to purchase McKinley shares at 40 cents in cash and one share of Argus Interests for each McKinley share held. The offer to McKinley shareholders is being kept open up to Oct. 18, and shareholders who have not accepted the offer are advised to do so as Argus will purchase security holdings of McKinley at closing prices on Oct. 18 and cash received will be distributed to McKinley stockholders subject to taxes and other expenses.

Net aggregate value of shares as at June 1, 1936, was $1.32 per share; income tax authorities consider approximately 69 cents of this to be capital with the remainder surplus. Anything over 69 cents distributed by McKinley will be considered partly as taxable and partly non-taxable. Shareholders who accept the Argus offer will avoid the necessity of paying income tax.

Shares of McKinley Mines Securities Co., are to be delisted from the Toronto Stock Exchange on Oct. 15, it is stated, and application is to be made as soon as possible to have shares of Argus Interests placed on the exchange.

Sturgeon River production for September amounted to $29,645 compared with $48,825 the previous month. Lowered output is attributed to lengthening the stope on the bottom level to include low-grade ore lying between two high-grade ore shoots.

Dome September output was $609,190 from 50,100 tons milled, an average recovery of $12.16 per ton. In August $601,232 was produced from 51,400 tons, an average of $11.70.

MacLeod Cockshutt is stated to be treating 550 tons daily, having averaged 520 tons in September. Output for September is expected to be higher than for August when $110,749 was produced.

News Concentrates

Aldermac Copper Corp. has let a contract for construction of a 50-ton sulphur plant. Previously a 100-ton unit was planned but it was later decided to build a 50-ton unit now and a second unit of the same capacity later. Cost of two 50-ton units will be about the same as a 100-ton unit, about $400,000.

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Broulan Porcupine is clearing a site for shaft sinking following diamond drilling which indicated a large tonnage of medium to low grade ore. The Broulan property adjoins Pamour Porcupine and Hallnor.

• • •

Cariboo Gold Quartz September production amounted to $123,868 from 8,548 tons of ore treated, an average recovery of $14.49 per ton. In August $120,085 was produced from 8,841 tons an average of $13.58 per ton.

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Capps Gold Mines has resumed milling operations at its property, near Charlotte, North Carolina. A new flotation unit was installed recently. Total recovery to date is $86,000 with some additional gold in mill circuit.

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Empire Mercury Mines plans to carry development to depth with the opening up of two new levels. The 10-ton mercury furnace installed recently is stated to be operating satisfactorily.

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Gurney Gold Mines output for September amounted to $45,889 from 4,120 tons for an average recovery of $11.14 per ton. Production for August amounted to $49,305 from 4,059 tons, an average of $12.14 per ton.

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Halliwell Gold Mines shareholders have approved a deal with Dumico Gold Corporation whereby Halliwell purchases 350,000 shares of that company at 10 cents per share and will receive an option on an additional 1,400,000 shares at 15 to 70 cents per share.

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Howey production for three months ended Sept. 30, 1938, amounted to $313,987 from 135,322 tons, an average of $2.32 per ton. Operating profit was $134,498. In the previous three months operating profit was $116,200.

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Kenricia Gold Mines is stated to have completed arrangements for electric power. Construction of a 100-ton mill is to be commenced immediately.

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Kirkland Lake Gold Mining Co. produced $364,394 in the third quarter of 1938, a new record for quarterly production. As 23,283 tons of ore were milled, average recovery was $15.65 per ton. Second quarter production was $350,832 from 22,706 tons, an average of $15.45 per ton.

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Laguna Gold Mines produced $47,579 in September from 2,679 tons of ore, an average recovery of $17.76 per ton. In August $52,719 was produced from 2,700 tons, an average of $19.52 per ton.

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Lebel Oro produced $21,000 in September compared with $20,271 in August.

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May Spier Gold Mines has appointed C. B. Ridley to liquidate assets and to proceed with surrender of company's charter.

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Moneta Porcupine produced $250,472 in the third quarter of 1938 from the milling of 13,639 tons of ore, an average recovery of $18.36 per ton. In the previous quarter, output was $238,292 from 12,904 tons of ore, an average of $18.47 per ton.

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New Darwin Gold Mines has been formed to take over the property formerly held by Darwin Gold Mines. Darwin shareholders will receive one pooled share of New Darwin Gold Mines for each three shares held.

Onoki Gold Mines is the new company formed to take over and develop the property of Oriole Mines in the East Kirkland Lake area.

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Oro Plata plans to advance funds to Jellicoe to bring that company's property into production following default on the option agreement under which funds were being supplied.

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Pioneer Gold Mines September production was $160,000 with net operating profit of $93,000 before depreciation and taxes. August output was $167,000 with operating profit of $102,000.

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Read-Authier Mine has called a special meeting of shareholders to approve distribution of its Lamaque and Sigma shares and the formation of a new company to take over cash and other assets.

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Reno Gold Mines September production amounted to $52,075 compared with $55,050 in August and $65,050 in September last year.

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Reward Mining Co. is proceeding with construction of its new 75-ton mill. Three new veins were encountered recently in the crosscut being run to the Surf Point mine.

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Rowell Rouyn shipped 16,644 tons of ore to the Noranda smelter in September with gross production of approximately $94,000, an average recovery of $5.65 per ton. August production was $82,810 from 15,815 tons of ore, an average of $5.23 per ton.

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Sand River September production of $42,770 including 30 oz. of gold recovered in clean up. Mill handled 3,094 tons of ore for an average recovery of $13.82 per ton. August production was $39,480 from 3,125 tons, an average of $12.63 per ton.

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Silbak-Premier produced $121,144 in September from 14,176 tons of ore, an average recovery of $8.56 per ton. Operating profit was $43,254. In August $134,903 was recovered from 16,635 tons, an average of $8.11 per ton while operating profit for the month was $49,612.

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Sunbeam Kirkland Gold Mines is stated to have outlined 84,000 tons of ore averaging $18.50 per ton after reducing high assays. Negotiations are being carried on for provision of milling facilities.

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Sullivan Consolidated produced $187,959 from 13,755 tons of ore treated in the third quarter of 1938, an average recovery of $13.66 per ton. This compared with $190,702 from 13,668 tons in the previous quarter, an average of $13.95 per ton.

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Sladen Malartic output in September was $52,933 from 9,405 tons milled, an average recovery of $5.63 per ton. August production was $51,659 from 9,490 tons, an average of $5.44 per ton.

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Stadacona Rouyn Mines production of $73,779 in September was a new high; 15,280 of ore were milled making an average recovery of $4.83 per ton. In August, output was $67,749 from 12,503 tons, an average of $5.41 per ton.

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Sheep Creek September production was $73,311 from 4,312 tons of ore milled, an average recovery of $17 per ton. In August output was 76,855 from 4,500 tons, an average of $17.08 per ton.

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Texas-Canadian has declared its semi-annual dividend of 6 cents per share payable Nov. 30, to shareholders of record Oct. 15.

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Wendigo Gold Mines produced $28,600 from 2,860 tons of ore in September, an average recovery of $10 per ton. August output was $38,487 from 2,772 tons, an average of $13.88 per ton. Lower grade material from development was treated last month.

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Mining Company Options

The following information on options has been supplied by the Ontario Securities Commission and the Toronto Stock Exchange:

Gillies Lake-Porcupine Gold Mines — By agreement of Oct. 1 with Canopac Trading Co. Ltd., 100,000 shares were underwritten at 10c. payable immediately; 100,000 shares at 12½c. payable by Nov. 15, and option granted on 1,050,000 shares comprising three blocks of 100,000 shares each at 17½c., 17½c. and 22½c. respectively by Jan. 3, Feb. 1 and Mar. 1; 300,000 shares at 26c. by Aug. 1 and 450,000 shares at 35½c. by Oct. 2, 1939.

Jellicoe Consolidated Gold Mines—Sept. 30 installment comprising option to purchase 50,000 shares at 30c. under agreement Oct. 31, 1936 with Oro Plata Mining Corp. Ltd., has not been exercised with agreement terminated by default. Issued capital is 3,725,005 shares.

Alba Gold Mines — On Oct. 1, 750,000 shares optioned to Taylor S. Pennington & Co. Ltd., as follows: blocks of 150,000 shares each at 5, 6 and 7c. per share; blocks of 100,000 shares each at 8, 9 and 10c. Payments to be made 75,000 shares monthly for 4 months; 100,000 shares a month for 2 months; and 125,000 shares a month for 2 months. Company incorporated in Sept., 1938; authorized capital 3,000,000 shares with 1,000,005 shares issued.

Au-Lac Mines—Agreements of May 17 and Aug. 15 with C. R. Jenner and W. J. P. Jenner have been terminated.

Blue-Jay Long Lac Gold Mines (1938)—Agreement of June 21 with Keith Securities Ltd., has been terminated.

Canadian Beryllium & Alloys — Agreement of June 21 with Newmont Securities Ltd. covering 200,000 shares at 20c. has been amended to permit payment of 10,000 shares in months of October and November, 1938, 7,500 shares each in months of January and February, 1939 and 20,000 shares thereafter.

Classic Sturgeon Gold Mines—On Sept. 15, 1,500,000 shares optioned to Blackburn & Co., 50,000 shares at 5c. payable within 60 days, 50,000 shares at 5c. payable within 90 days, 100,000 shares at 10c. payable within a further 120 days, and balance at 12 to 20c. payable on or before Sept. 1, 1939. Company incorporated Dec., 1934; authorized capital 3,000,000 shares all of which are issued. Proceeds of the 1,500,000 shares are to be turned into the company.

Earagold Mines — No further payments received under agreement of July 21 with Malcolm F. Blue covering 500,000 shares after first payment of $2,500.

James Kirkland Mines — Payment received for 23,100 shares at 5c., and extension granted to G. W. Staats on balance of 1,300,000 shares under agreement of July 21.

Kirmaque Gold Mines—On Oct. 4, 1,086,800 shares optioned to Albert J. Foley as follows: 220,000 shares at 10c. payable within 110 days and balance at 12 to 70c. payable within 530 days. Company incorporated Sept., 1938; authorized capital 3,000,000 shares with 1,002,205 issued.

Lardego Gold Mines—On Oct. 5, 500,000 shares optioned to H. J. Picard as follows: blocks of 100,000 shares each at 7, 9, 11, 13 and 15c. per share, payable 100,000 shares every two months commencing Feb. 1, 1939. Company incorporated Feb., 1937; authorized capital 5,000,000 shares with 2,308,705 shares issued.

New Darwin Gold Mines — On Oct. 4, 1,450,000 shares optioned to John Howie Wright as follows: 250,000 shares at 4c. payable $1,000 Nov. 1 and balance $1,500 monthly; 700,000 shares at 5c. payable $3,000 forthwith and $2,500 a month thereafter commencing Nov. 1, 1938; and 500,000 shares at 5c. payable $1,500 per month after payment of above-mentioned 950,000 shares. Company incorporated Sept., 1938; authorized capital 3,500,000 shares with 1,050,000 shares issued.

Orpit Mines—On Aug. 22, 1,500,000 shares optioned Charles E. Rea as follows: blocks of 200,000 shares each at 4 and 5c.; 100,000 shares at 7c. and balance at 10 to 20c. per share payable $2,000 monthly until Feb. 25, 1939, $5,000 a month thereafter until Feb., 1940 and balance $10,000 a month. Company incorporated Jan., 1937; authorized capital 4,000,000 shares with 1,907,305 shares issued.

Ossian Gold Mines—On Sept. 27, Dothan Mining & Development Co. Ltd., purchased 200,000 shares at 2½c., and received option on 800,000 shares as follows: blocks of 200,000 shares at 5, 7½, 10 and 12½c., payable $2,000 monthly to May 1, 1939, $3,000 monthly thereafter to Oct. 1, 1939, $4,000 monthly thereafter to Feb. 1, 1940 and $5,000 monthly thereafter. Company incorporated 1926; authorized capital 4,000,000 shares with 2,700,935 shares issued.

Yama Gold Mines—Under agreement of May 21 with C. R. Jenner, blocks of 100,000 shares at 10, 12½ and 17½c. still outstanding. By agreement of Sept. 28, C. R. Jenner & Co. purchased 10,000 shares at 20c. payable forthwith and received option on 1,190,000 shares as follows: 90,000 shares at 20c.; blocks of 100,000 shares each at 25c. to $1; and 200,000 shares at $1.50, payable $3,000 monthly until March, 1939 and thereafter $4,000 monthly. Company incorporated Jan., 1937; authorized capital 3,500,000 shares with 1,674,248 shares issued as at Sept. 22.

Dorval Siscoe Gold Mines—Payment received for Oct. 7 installment comprising option on 100,000 shares at 7c. under agreement with E. B. Henry dated Sept. 7. Next installment is exercisable by Nov. 6 and comprises option on 49,993 shares at 10c. Issued capital is 3,750,007 shares.

Lapa Cadillac Gold Mines — Additional 10,000 shares taken up at 40c. to apply on Oct. 18 installment comprising underwriting of 32,815 shares at 40c. under agreement with Sudbury Contact Mines on Aug. 19. Balance of installment comprises 12,815 shares. Issued capital is 3,644,560 shares.

Yama Gold Mines is negotiating for a mining plant to explore underground ore sections indicated in drilling. Shaft sinking is expected to start the first of the year.

Perron production for the first half of September was $53,288, with the mill averaging 342 tons per day. The shaft is about 60% completed to its objective of 725 ft.

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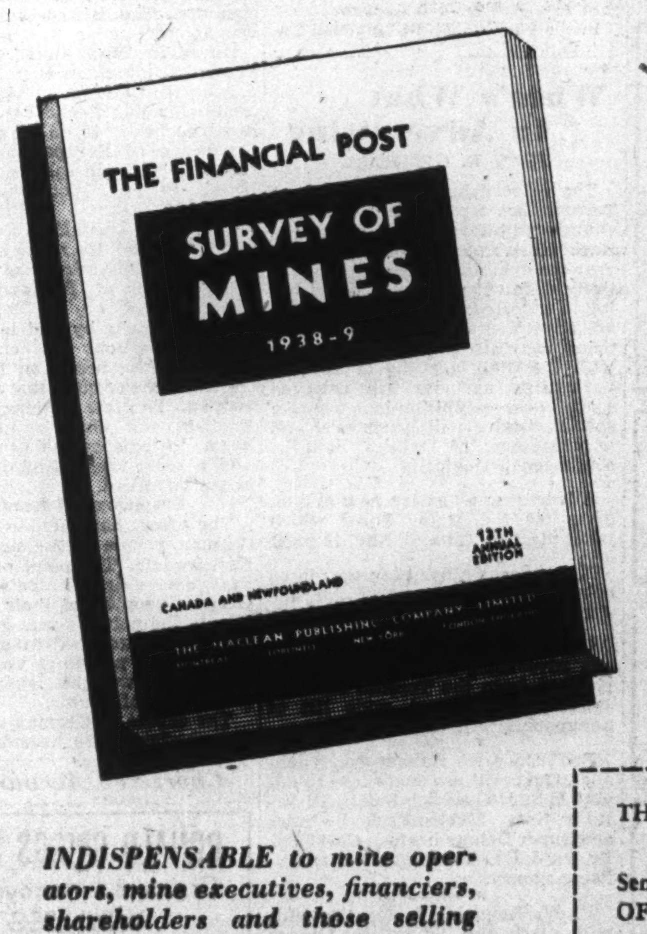

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England Sizes Up the "Morning After" of Peace

First Jubilation Over Avoidance of War Changes to Criticism in Some Quarters

By **FLOYD S. CHALMERS,**
Editor, The Financial Post

LONDON.—Stanley Baldwin, in the closing year of his prime ministership, is said to have remarked to his friends on several occasions that he had two jobs to finish before he retired.

One was firmly to establish the line of succession in Great Britain.

The other was to achieve the appeasement of Europe.

The world knows how well he accomplished the first task. But the rapid rise of the dynamic and aggressive totalitarian dictatorships made it impossible for him to achieve his second end.

In the first place, force could not be met by weakness. Britain and the other democracies had to rearm—rearm, in fact, to the point of absurdity before the aggressor states could be brought to disarm. And a nation utterly unprepared for war could not be put on a sound defense footing overnight.

Mr. Baldwin handed over the torch to Neville Chamberlain. To this ex-steel merchant and travelling salesman for British industry was given the responsibility for making Britain's voice heard in the councils of Europe to the end of achieving the peace that Versailles destroyed.

Patient, calm and unhurried, Mr. Chamberlain is today pursuing peace with grim and confident determination. As I write, Parliament is in session and his critics are having their little say. From every side they assail him.

Last week the mood of England was one of exaltation, of praise that the peace had been saved.

Self-Criticism

Today, if one is to judge by the newspapers, the mood is one of self-criticism; of shame that Britain has deserted a sister democracy; of unhappiness that brute force has won a notable victory which must be but the prelude to further victories wrested by force from the weak-kneed democracies.

The criticisms come from a wide variety of sources and are based on almost amusingly contrasted grounds. There are those who are bitter that Russia was left out of the peace. There are those who are angered that Germany was not crushed. There are those who preach that a "preventive war"—whatever that may be—should have been fought now.

None of these represent the real view of the thinking British people. Their view is that a great victory has been won, not by Germany, not by England, not by dictatorship and not by democracy, but by the peace-loving people of the world. Peace itself is the victory. Peace provides an opportunity for the solution of many problems. Even peace-at-any-price is always less costly than war.

Conflicting Opinions

True one hears many conflicting opinions expressed, even by the average folks one meets in the course of a day's travel around London.

For instance, a manufacturer said to me over the week end: "None of us feel very happy about this. We do not like to admit it but we know, deep down in our hearts, that we bowed to force."

The next day a man in the city remarked: "We have to feel a little bit ashamed of the settlement. We are glad we did not have to fight a war but it is not pleasant to think that we achieved peace at the cost of deserting a helpless country in her hour of need."

But I think the real view of England was best expressed to me by a world-famous figure who was never far from Mr. Chamberlain's right hand throughout the crisis. He said:

"I do not feel unhappy nor do I feel ashamed. We have met the supreme threat of the dictatorship states and have come out without a war. We have had to compromise but Hitler, too, has had to compromise and that is important. Every nation in Europe now knows better where it stands than it knew six months ago. And every governmental head in Europe realizes today—some of them for the first time—that in no country of the world are the people willing to fight a war. The supreme desire of the peoples of the world, whether in the democratic states or in the totalitarian states, for a peaceful settlement of all possible causes of dispute has been demonstrated in a way that must influence the policy of every statesman and every tyrant."

Among those least moved by the criticisms that are now being aired of the Berchtesgaden and Munich settlements is Prime Minister Neville Chamberlain. Mr. Chamberlain is 69. He has two more years in office without the necessity of an election. His party managers have been pressing him to take advantage of his present prestige to fight an election.

Chamberlain's Policy

But Mr. Chamberlain wants to waste no precious moments. He would rather nail down the hatches of the peace than win the election.

I cannot say what Mr. Chamberlain's immediate moves may be in Europe.

But I believe I know what his general policy will be. It is clear in the events of the moment.

It is, first, to achieve the settlement of European controversies while the dictators are still in a mood to talk.

It is, second, to proceed with redoubled vigor to prepare Britain for war if his peace moves fail.

On the morning of Thursday, September 29, there were long queues outside the gas mask depots. People were rushing to prepare for the worst. By eight o'clock that night all the depots—which were scheduled to remain open until nine o'clock—had closed. No one was bothering about a gas mask.

It is this sort of thing that Mr. Chamberlain intends to guard against. The next morning posters were plastered on London walls urging people to go without delay to get their gas masks.

Britain was caught unready for war. Mr. Chamberlain is determined that Britain will not again be caught unready. The rearmament will go on unceasingly. Moreover, efforts will be made to achieve a greater organization of the civilian population. Manpower will no doubt be registered. Everyone will be given some national job to do in time of peace and assigned some useful work to do in time of war. That much the dictators have taught Britain.

What Crisis Showed

In the cold grey dawn of the morning after, it is interesting, and not without its value, to survey some things that were demonstrated by the crisis.

In the first place, it has been shown that Britain was quite unready for war. Germany was mobilized to the hilt, but Britain's programme was far from complete. Another few weeks will make a vast change in that situation.

In the second place, it has been shown that France is at best a doubtful force. The overwhelming vote in the Chamber of Deputies supporting M. Daladier is no true criterion of the extent of his support. France is badly split politically and it has not yet entered into the full swing of an economic cycle of recovery.

It is even doubtful if France was ever willing, even at the peak of the crisis, to throw her entire resources into the struggle to prevent Hitler from demolishing Czechoslovakia. (There is no question that if Hitler had marched against Czechoslovakia he would never have stopped at the Sudeten frontier but would have sought to destroy that country utterly and absorb it into the Reich, his race theories notwithstanding.) Had war come it is just possible that the Germans would have piled into their Siegfried line and the French would have manned the Maginot line, each one waiting for the other to fire the first shot. And the first shot may not have been fired!

In the very midst of the crisis, the French queried the British on the extent of the support Britain would have been prepared to give. The request was couched in language that made it clear just what France was seeking. She wanted a pooling of resources of the two nations. One can believe what one is told, that the British reply to such a preposterous request was not enthusiastic.

It is simply a realistic facing of the facts to appreciate that France would have entered the war with less enthusiasm, less manpower and smaller economic resources than Britain.

Russia's Position

The third thing that the crisis demonstrated is that Russia is of little value to anyone as an ally. The hypocritical mouthings of Maxim Litvinoff (whom the German newspapers usually call by his maiden name of Finkelstein) at Geneva were in contrast to the real news that came out of Russia. Russia is rich in manpower. But the hysterically frightened tyrant in the Kremlin has slaughtered all his best generals (except Bluecher and there is now some mystery even as to what has happened to him). The Russian people are not far from revolt. Their economic machine has slowed down to a snail's pace. Russia's contribution to a war against the Fascist ideology would have been negative in character.

Throughout the crisis, Russia did no more than fish in troubled waters. Had the war come she would have made but minor contributions to the joint allied cause. She would have bided her time, waiting for the European nations to destroy each other. At the psychological moment she would have sought to feed on all of them; to spread Communism in Europe and thus to achieve new international victories that would save Stalin from the vengeful hand of a disillusioned people.

Fourth, there is Italy. The most unhappy man in Europe during the crisis was Il Duce. He feared war for two reasons. He, too, has his economic and political problems. Underlying discontent in Italy is such that a war might easily end the Mussolini regime. Mussolini also knew that he was weaker in the Mediterranean than England and France. He was desperately afraid of being caught on the wrong side in the war. Had it come, it is likely that he would never have launched his battalions against France and Britain, although he may have had to make a gesture of support for Germany such as manning the Franco-Italian frontier and thus detaching French troops from the Maginot line for watchful guarding of the Italian area.

When the message came from London that Mr. Chamberlain would appreciate Mussolini's intervention with Hitler, Il Duce was excited and rushed to speak to his brother dictator. This conversation was undoubtedly one of the deciding factors for peace. Mr. Chamberlain's overgenerous tribute to Il Duce has at least some basis.

Ignorance in Germany

Then there is Germany herself. I have already written of the appalling ignorance of the German people about the true facts of the crisis. This ignorance persisted almost to the end.

For instance, on the fateful Saturday after the Czech mobilization, a British business leader attended a dinner of 160 Berlin businessmen. He tells me that not one man at the dinner had any idea that Europe was in the midst of the most critical storm since 1918. All they knew was that Hitler was demanding justice for the Sudeten Germans; had massed troops and was preparing to use force if necessary. But all assumed that France and Britain were sitting idly by, disinterested spectators of a purely German-Czech controversy.

On the fateful Tuesday, when war seemed inevitable, another London businessman received a call from his German agent, who started talking in matter-of-fact tones about sending salesmen into Czechoslovakia to offer a new line of merchandise. The British businessman was aghast.

He said: "Man alive, don't you know that tomorrow Britain may be at war with Germany; that we are mobilizing our fleet, that we have dug trenches in Hyde Park and that the peace of Europe hangs by a thread? And you call me up about trying to sell goods in Czechoslovakia."

The German could not speak for half a minute. He knew nothing of Britain's preparations, of France's preparations, of Roosevelt's messages.

The Germans by and large knew little throughout the crisis. But after Hitler's speech on that Monday night they sensed that something was up. The few Germans who get English and French newspapers began to whisper the news around and a sense of impending disaster began to spread.

Suspicious of Leaders

The effect has been to make the German people suspicious of their Nazi leaders. The point of a wedge has been driven between the German people and their rulers. It is only the point as yet. But for the first time, unquestioning faith of the German people in their leaders has given way to what are the beginnings of doubts.

The cheers of German crowds for Chamberlain were heartfelt cheers. Many Germans believe that he saved them from the suicidal destruction of war and more of them will believe it later, as whispers of the better-informed get past the dark censorship of the controlled press and radio.

What finally effected the peace was the fact that, at the eleventh hour, it penetrated to the mind of Adolf Hitler that Britain meant business. I am told on authority I respect that Der Fuehrer was shocked when he was told—not by the stupid Ribbentrop or the sinister Goebbels—that the British had dug trenches in Hyde Park. That particular manifestation of British preparedness may have brought home to the people of England that London would be the first line of attack in the next war, but it brought home to Hitler the fact that the British were finally prepared to fight to the limit to stop him from aggression in Central Europe. The mobilization of the British fleet and the powerful personal appeal from President Roosevelt prepared the way for the telephone message from Mussolini. Hitler's mood changed and the settlement then was easy.

Distrust of Policy

Out of the crisis, Britain has gained a profound distrust of certain phases of post-war policy in Europe, particularly that of France, whose eastern alliances have always threatened Britain with the prospect of being drawn into a war not of her own choosing. The guarantee to Czechoslovakia—which cannot be of genuine consequence unless Germany and Italy also join in it—has indeed thrown Britain into Europe again. But Britons are inclined to feel that it is better for Britain to assume fixed responsibilities in Europe than to assume unknown responsibilities as a result of permitting her foreign policy to be an appendage of French foreign policy.

While the British Government is prepared to take Hitler at his word, to act as though he were thoroughly sincere in his undertakings against further territorial aggression in Europe, there is a grave fear that inflamed Nazis may continue to perpetrate at home acts that will make it difficult for the democracies to believe that Nazi Germany has changed in any respect.

It is of vital importance that Germany release Schussnigg as a gesture of decency; that the persecutions of the Jews be restrained; that the Czech minorities left in the Sudeten areas be generously and kindly treated. But this is asking a lot and one should not be hopeful.

If this article had not already run to such length, I should have liked to have ended it with numerous stories of the manner in which Britain and the British people met the crisis.

There is room for only one. I was talking to the head of a big oil company. He told me that when the storm blew up 17 British tankers were headed for Germany carrying oil. Suddenly and simultaneously every one of the 17 ships developed "engine trouble" and was unable to proceed to its destination. When the Munich agreement was settled the engineers of the boat just as suddenly discovered what the trouble was and they were able to proceed.

What's What In Advertising

JEAN R. GEMMELL

The Advertising & Sales Club of Toronto has announced its eighth annual exhibition will be held in the Royal York Hotel, Oct. 24 to 27. This year the exhibition will be of an entirely different nature, its effort being to educate the consumer, retailer and advertiser alike as to how advertising benefits them. Co-operating with the Club, a group of Toronto advertising agencies has reserved space in the exhibition hall where a special theatre will be erected and a programme of "talkies" will be conducted periodically.

* * *

Advertising plans are now in progress for the Motor Show which takes place in Toronto, Nov. 19 to 26.

* * *

E. J. Sheaman has been appointed advertising representative for the Vancouver News-Herald in Montreal.

* * *

Copy for Exide Batteries of Canada advertising campaign has been released from the Toronto office of James Fisher Co. A wide list of newspapers will be used.

* * *

B. F. Goodrich Rubber Co., Kitchener, Ont., will use magazines to advertise their Goodrich Safety Silvertown tires, Electro-Pack batteries and Super Deluxe heaters. Cockfield, Brown & Co., Toronto, is the advertising agency.

* * *

E. W. Reynolds & Co., Toronto, will place the advertising which will appear in magazines throughout Canada for New Zealand, pointing out its advantages as a resort for tourists.

* * *

The newly-established Technical Advertisers Association of Montreal was presented with a charter recently. The Montreal society will be known as the 17th chapter of the National Industrial Advertisers Association.

White Aircraft Agreement

By agreement dated Sept. 24, F. E. Neylan, as trustee, has agreed to purchase 10,000 shares of White Aircraft Ltd. stock at 50 cents a share and 15,000 shares at $1 a share, payable within 15 days. He has been granted an option on a further 175,000 shares, 160,000 shares at $1 a share and 10,000 shares at $1.50 a share, to be completed by May 31, 1939. This agreement, announced by the Ontario Securities Commission, replaces a former agreement on substantially the same terms.

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